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China Report

ECONOMIC AFFAIRS

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20 April 1984

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NATIONAL POLICY AND ISSUES

FEDERATION OF INDUSTRY, COMMERCE CHARTER VIEWED

OW080155 Beijing XINHUA Domestic Service in Chinese 0747 GMT 3 Dec 83

[Text] Beijing, 3 Dec (XINHUA)--Charter of the All-China Federation of Industry and Commerce (adopted at the plenary session of the Fifth Membership Congress of the All-China Federation of Industry and Commerce on 12 November 1983)

[Text] Chapter 1: General Principles

Article 1: All-China Federation of Industry and Commerce is a mass organization formed by China's industrial and commercial circles. It is mainly composed of people formerly engaged in industrial and commercial undertakings.

Article 2: All activities of the federation of industry and commerce at all levels follow the basic guiding principles of the Constitution of the People's Republic of China.

Article 3: The major task of the All-China Federation of Industry and Commerce is to unite and organize its entire membership to give full play to its positive role in fulfilling the nation's general tasks in the new historical period and in stepping up socialist modernization:

- 1) Cherish an ardent love for the People's Republic of China, support and observe the state's constitution, laws, principles, and policies;
- 2) Fully develop its members' talents in operation and management as well as their specialties in production technology, provide economic counselling services, conduct training in specialties related to industry and commerce, facilitate exchanges of market information, and make contributions to economic development in areas inhabited by minority nationalities and in remote border regions.
- 3) Show concern for its members' work and life, speak for their legal rights and interests, and reflect their opinions, requests, and proposals;
- 4) Organize the members to voluntarily study political and economic theories, current events, policies, modern science and technology, and knowledge in operation and management to constantly improve their understanding and vocational skills;

5) Strengthen the relationship and solidarity with the industrial and commercial circles in Taiwan, Hong Kong, and Macao, and among overseas Chinese and make common efforts to promote construction in the motherland and bring about motherland's reunification;

6) Actively carry out liaison work, assist the government in developing trade and economic cooperation with foreign countries, and strengthen friendly intercourse and economic and technological exchanges with industrial and commercial figures and related organizations in all countries of the world.

Article 4: Organizations of the Federation of Industry and Commerce are formed in accordance with the state's administrative divisions: At the national level is the All-China Federation of Industry and Commerce; in provinces, autonomous regions, and municipalities are provincial, autonomous regional, and municipal federations of industry and commerce; city federations of industry and commerce are established in the capital cities of provinces and autonomous regions and in cities into districts; other cities and counties that have met certain requirements may establish city and county federation of industry and commerce or offices in accordance with the actual needs and in light of different circumstances.

Special economic zone federations of industry and commerce can be established in special economic zones in accordance with actual needs.

Chapter 2: Membership

Article 5: Membership in the All-China Federation of Industry and Commerce includes individual, enterprise, and collective membership:

People who were formerly engaged in industrial and commercial undertakings may join the federation of industry and commerce as members;

Units that are closely related to the work of this federation may, through consultation, assign their personnel to join the federation of industry and commerce as members;

Collective enterprises sponsored or co-sponsored by this federation and related units, or sponsored with the assistance of this federation, may join the federation of industry and commerce as enterprise members;

Associations or federations of collective enterprises in urban areas may, through consultation, join the federation of industry and commerce as collective members;

Personages who maintain close relations with the industrial and commercial circles or who have made special contributions to the industrial and commercial circles may be invited to join the federation of industry and commerce as members.

Article 6: Members of local federations of industry and commerce at all levels are also members of the federations at higher levels.

Article 7: Members enjoy the following rights:

- 1) The right to vote, elect, and be elected;
- 2) Voice opinions, make requests, and offer suggestions and criticisms to organizations of the Federation of Industry and Commerce at all levels;
- 3) Take part in related activities of the Federation of Industry and Commerce;
- 4) Enjoy welfare facilities sponsored by the Federation of Industry and Commerce.

Article 8: Members have the following obligations:

- 1) Observe the Charter;
- 2) Implement resolutions.

Chapter 3: Organization

Article 9: The organizational principle of the China Federation of Industry and Commerce is democratic centralism.

Article 10: The organizational system of the China Federation of Industry and Commerce consists of the All-China Federation of Industry and Commerce; the provincial, autonomous regional, and municipal federations of industry and commerce; and city and county federations of industry and commerce.

Article 11: The highest authorities of the federations of industry and commerce at all levels are the membership congresses at all levels. The functions and powers of the membership congress are:

- 1) Discuss and decide on the principles and objectives of the work;
- 2) Examine and endorse work reports;
- 3) Elect an executive committee;
- 4) Decide on other related important events.

The membership congress of All-China Federation of Industry and Commerce has the power to revise the Charter of the All-China Federation of Industry and Commerce.

Article 12: Membership congresses of the All-China Federation of Industry and Commerce and of federations of industry and commerce of provinces, autonomous regions, municipalities, and cities divided into districts are held once every 5 years. Membership congresses of federations of industry and commerce of cities not divided into districts, counties, and districts are held once every 3 years. They may be held in advance or delayed where necessary.

Membership congresses at all levels are called by the executive committee. They may be called by the Standing Committee where necessary, pending confirmation by the executive committee.

Article 13: The executive committee of each federation of industry and commerce at every level is the highest leading organ of the federation of industry and commerce at its level when the membership congresses are adjourned. It is responsible for implementing the resolutions of the membership congress and represents the federation in dealings with other organizations. The executive committee is responsible to the membership congress and reports to it.

Article 14: The Executive Committee of All-China Federation of Industry and Commerce elects a chairman, several vice chairmen, a secretary general, and several Standing Committee members to form a Standing Committee. The Standing Committee exercises the functions and powers of the Executive Committee when the latter is adjourned. The Standing Committee is responsible to the executive committee and reports to it.

The chairman presides over the work of the Standing Committee. The vice chairmen assist the chairman in his work.

Article 15: The All-China Federation of Industry and Commerce has an Administrative Affairs Bureau composed of a chairman, one or two vice chairmen, and several members. They are elected by the executive committee.

Under the leadership of the Standing Committee, the Administrative Affairs Bureau is responsible for handling the day-to-day work of the All China Federation of Industry and Commerce, and reports to and seeks instructions from the chairman and vice chairmen at regular intervals.

The Administrative Affairs Bureau may have alternate members where necessary. They are decided upon by the executive committee or the Standing Committee.

The secretary general of the All-China Federation of Industry and Commerce is responsible for organizing efforts to implement the decisions of the Administrative Affairs Bureau.

The Standing Committee decides on the regulations governing the work of the Administrative Affairs Bureau.

Article 16: Whether or not to establish Standing Committees at local federations of industry and commerce at all levels will be decided by their respective executive committees. The executive committees of the local federations of industry and commerce at all levels which are equipped with Standing Committees elect one chairman, several vice chairmen, one secretary general, and several Standing Committee members to form a Standing Committee. When the executive committee is not in session, the Standing Committee exercises the executive committee's functions and powers. The Standing Committee is responsible to the executive committees and reports to it.

The executive committee of a federation of industry and commerce that is not equipped with a Standing Committee elects one chairman, several vice chairmen, and one secretary general.

The chairman provides leadership over administrative affairs. The vice chairmen assist the chairman in his work. The secretary general (chief secretary of secretary in case the local federation of industry and commerce does not have a secretary general) handles day-to-day work under the leadership of the chairman and vice chairmen.

Article 17: Federations of industry and commerce at all levels which have a secretary general may, in accordance with the needs in actual work, have the Standing Committee elect and appoint several deputy secretaries general to assist the secretary general in his work.

Article 18: Where necessary, the All-China Federation of Industry and Commerce may have an advisor, who is decided upon by the executive committee.

Article 19: The executive committees of the federations of industry and commerce at every level meet once every year. The meeting may be held in advance or delayed where necessary.

Article 20: Delegates to the membership congresses of the federations of industry and commerce at all levels are elected through consultation by the organizations to which they belong. They may also be selected by special invitation.

The number of delegates to membership congresses and the methods used to select them are decided by the previous Standing Committee. In places not equipped with a Standing Committee, the previous executive committee will make the decision.

Article 21: Federations of industry and commerce at all levels may set up work departments if they are needed by actual work.

Article 22: Federations of industry and commerce in municipalities and cities divided into districts may set up district federations of industry and commerce or district work offices where necessary.

Article 23: Federations of industry and commerce in municipalities, cities, districts, and counties may set up grassroots organizations according to the division of trades and regions where necessary.

Chapter 4: Appendices

Article 24: The establishment of city and county federations of industry and commerce should be reported by provincial, autonomous regional, and municipal federations of industry and commerce to provincial, autonomous regional, and municipal people's governments for approval and kept on record at the All-China Federation of Industry and Commerce.

Article 25: Federations of industry and commerce in special economic zones may follow the guidelines of this Charter, formulate their organizational charters and submit them to the local people's governments and the federations of industry and commerce at a higher level as well as All-China Federation of Industry and Commerce for the record before implementation.

Article 26: This Charter has been adopted by the Fifth Membership Congress of the All-China Federation of Industry and Commerce and reported to the State Council for the record.

CSO: 4006/161

NATIONAL POLICY AND ISSUES

NATIONAL SYMPOSIUM ON ECONOMIC DEVELOPMENT HELD

OW061251 Beijing XINHUA Domestic Service in Chinese 0740 GMT 5 Dec 83

[Report by Yao Yange]

[Text] Hefei, 5 Dec (XINHUA)--The national symposium on economic development strategy for medium-sized cities was recently closed in Hefei. The symposium discussed how to accelerate the economic development of China's medium-sized cities and how to fully utilize their role. It also exchanged information and the experiences of various cities and made constructive proposals.

The symposium pointed out: China's medium-sized cities have occupied a very important position in its national economy. In 1982, the number of urban residents in cities with a population ranging from 200,000 to 500,000 represented 27.6 percent of the nation's entire urban population, while their gross industrial output accounted for 21.9 percent of the gross national urban industrial output. From a strategic viewpoint, the economic development of the medium-sized cities can concomitantly share the tasks of economic development of some large cities, accomplish a transitional population migration and decentralization and bring along and promote the economic development of the small cities and towns.

During discussions, the representatives exchanged experiences in developing the economies of the medium-sized cities and summed up the economic development strategies theoretically. Changzhou city representatives recounted their experience of having achieved prosperity by improving economic results. Xiangfan city representatives explained their organization of economic activities which includes the establishment of economic zones and networks. Dandong city representatives explained their urban management system.

On the basis of an extensive exchange of experiences, the representatives discussed the common issues on the economic development strategies of the medium-sized cities and made constructive proposals. They called for limiting the outward growth of the medium-sized cities to prevent them from developing into large cities. They also proposed that the medium-sized cities: concentrate their main force on tapping potential; develop intellectual resources; readjust the infrastructure; develop economic zoning work by promoting cooperation among

agriculture, industry and commerce; support the development of collective enterprises in towns and townships; and help the surrounding rural areas achieve prosperity. Medium-sized cities located on the hub of communications must strive to develop into commercial and trade cities and spur the development of water, ground and air transport. The medium-sized cities must give priority to developing energy and water supplies and invest in intellectual resources and education.

Noted economist Yu Guangyuan and Vice Minister of the State Commission for Restructuring the Economic System Tong Dalin delivered reports to the symposium on the economic development strategy of China's medium-sized cities.

Entrusted by the Anhui Provincial People's Government, the symposium [words indistinct] was co-sponsored by the Anhui Provincial Academy of Social Sciences, the Anhui Provincial Science and Technology Association and the Economics Institute for Urban and Rural Construction under the Academy of Social Sciences of China. Attending the symposium were mayors and vice mayors from 15 medium-sized cities (including Changzhou, Wuxi, Nantong, Sanming and Yantai) 8 cities under the jurisdiction of the Anhui Provincial Government (including Hefei and Bengbu) and 4 cities under prefectural governments, as well as responsible persons from concerned research units.

CSO: 4006/161

NATIONAL POLICY AND ISSUES

PATENT DIRECTOR ON PROTECTING FOREIGN PATENTS

OW170414 Beijing XINHUA Domestic Service in Chinese 1442 GMT 14 Mar 84

[Excerpts] Beijing, 14 Mar (XINHUA)--The "Patent Law of the People's Republic of China" was adopted and promulgated by the Fourth Session of the Sixth NPC Standing Committee. [Passage omitted] During the Third Session of the Sixth NPC Standing Committee held on 2 December 1983, Huang Kunyi [7806 0981 4135], director of the China Patent Bureau, gave an account of the "Patent Law of the People's Republic of China (Draft)" at the request of the State Council. On the drafting of the law, Huang Kunyi said: [Passage omitted] China began its preparations for establishing its patent system in 1978 in order to meet the needs of socialist modernization and opening up the country to the outside world. Drafting of the patent law began in March 1979. In January 1980 the State Council approved the State Scientific and Technological Commission's "Report Requesting Instructions on Establishing China's Patent System," and set up the China Patent Bureau. In the course of drafting the patent law, the China Patent Bureau studied the patent systems of other countries, consulted the patent laws of dozens of countries, and solicited the opinions of departments concerned at home. A decision on implementing a patent system was again made by the State Council in September 1982. [Passage omitted] The "Patent Law of the People's Republic of China (Draft)" was discussed and adopted in principle at an executive meeting of the State Council in August 1983. [Passage omitted]

On the necessity of establishing a patent system, Huang Kunyi said: a patent system is common international administrative system which uses legal and economic means to enhance technical development. [Passage omitted] To protect and encourage inventions and give impetus to popularization of technical development and facilitate importation of foreign technology into China to serve the four modernizations, our country must promulgate a patent law and set up a patent system as soon as possible. [Passage omitted] In the past we stressed that a technical invention should belong to the state and that any unit can use it free of charge. Such being the case, the inventors and units where they worked for were not financially compensated. That was an expression of egalitarianism which is unfavorable for encouraging people or institutions to invent. Although transfer of technology is no longer free of charge since economic reform, disputes over ownership of property and blockading of technical secrets never ceased because of lack of legal protection. Foreigners are also highly wary of and unwilling to transfer new technology of competitive value to us, or demand exorbitant prices for what they are willing to transfer to us. To

accommodate the needs of the current economic reform, protect socialist competition, combat egalitarian mentality in our scientific and technological sphere, promote economic and technical exchange at home and abroad, and accelerate our country's economic and technical development, we must urgently set up our patent system. [Passage omitted] A patent system may also be restrictive on occasion. This is primarily because foreign technology and inventions patented in our country can henceforth no longer be copied or used free of charge. If we want to use those technologies and inventions, we must sign contracts with the patent holders and pay for the right to use them. [Passage omitted]

On protecting foreigners' patents, Huang Kunyi said: One of our country's principal purposes of setting up a patent system is to facilitate importation of advanced foreign technology and encourage foreigners to invest in our country. For this reason we must encourage foreigners to have their new inventions patented in our country. Out of the consideration of safeguarding our country's sovereignty and national interests, the draft has stipulated that foreigners applying for patents in our country must be handled in the light of the agreements their countries and ours have signed, or treaties to which their countries and ours have signed, or treaties to which their countries and ours are signatories, or the principle of mutual benefit. The draft has stipulated that foreign patent holders can enjoy special rights of using their patented inventions in our country. It has also stipulated that they have the obligations of using, or permitting other people to use, their patented inventions in our country and cannot substitute these obligations by exporting products to our country. [Passage omitted]

CSO: 4006/423

NATIONAL POLICY AND ISSUE

BRIEFS

BEIJING MACHINE INDUSTRY MEETING--A national meeting of directors of departments and bureaus of the machine-building industry is being held in Beijing. The meeting has proposed that in the next 7 years, from now until 1990, the majority of China's machinery products must attain the international standards of the 1970's and of the early 1980's. With their experience of many years, the participants realize that failure of the machine-building industry to improve the quality and increase the variety of its products will hamper the development of the machine-building industry and impede the development of the machine-building industry and impede the development of the national economy as a whole. The meeting has decided: We must put emphasis on improving the quality and increasing the variety of our products. We must implement the policy of enhancing economic results, improving operations and management and turning losses into profits. We must concentrate our financial and material resources on completing a number of key technical transformation projects. We must improve the quality of complete sets of large equipment, key equipment, products mass produced by key enterprises for large area marketing, and basic parts. We must improve education to speed up training of qualified personnel, undertake structural reform step by step and create a new situation in the machine-building industry. [Text] [OW060151 Beijing Domestic Service in Mandarin 1000 GMT 1 Dec 83]

CSO: 4006/161

PROVINCIAL WORK REPORTS

NEI MONGGOL'S ZHOU HUI AT ECONOMIC WORK MEETING

SK240320 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 23 Mar 84

[Excerpt] On 21 March, the regional economic work conference successfully concluded. Bu He, deputy secretary of the regional CPC committee and chairman of the regional people's government, made a summary speech.

The conference set forth the main fighting goals for our region's 1984 economic work. The conference stressed: We should center on raising economic results, firmly attend to urban economic reform, and realize increases in production, taxes and profits, and financial revenue.

The regional CPC committee paid a lot of attention to this conference. The regional CPC committee listened to the conference report. Zhou Hui, first secretary of the regional CPC committee; Qian Fengyong, deputy secretary of the regional CPC committee; and Li Xiangyi, standing committee member of the regional CPC committee; respectively made important speeches on urban economic reform and strengthening the construction of the leading bodies of the enterprises. Liu Zuohui, Bai Junqing, and Zhao Zhihong, vice chairmen of the regional people's government and leading comrades of the regional economic committee, made special speeches on this year's economic work, improving technology, and conducting education for staff and workers.

The conference set forth: Industrial and communications, and financial and trade enterprises across the region should center on raising economic results and gain new achievements in 10 fields, such as increasing industrial output value, annual labor productive force, and taxes and profits; turning losses into profits, improving the quality of products, developing new products, reducing the charges for commodity circulation, energy production and supply, enterprise consolidation, and financial revenue.

Participants are full of confidence in the realization of these 10 fighting goals. They unanimously pledged to make efforts to fulfill the region's financial revenue task for 1984, totaling 712 million yuan.

In his summing up speech, Comrade Bu He said: In 1984, we should continue to implement the principle of readjusting, restructuring, consolidating, and improving; further better balance relations between economic departments;

center on raising economic results; continue to consolidate enterprises; firmly attend to the work of turning losses into benefits; promote progress in technology; improve the quality of the enterprises; and make a new situation in our region's industrial and communications, and financial and trade work.

Comrade Bu He said: In order to enliven enterprises and to raise economic results, we should attend to reform. We should enthusiastically and gradually reform the outdated conventions which prevent the development of productive forces, and change the situation of holding an iron rice bowl and everybody eating from the same big pot. In the course of reform, all industrial and commercial enterprises should carry out various forms of economic contract responsibility systems after substituting taxes for delivery of profits; handle well relations between the state, the enterprises, and staff and workers; and bring pressure to bear on the enterprises to turn their motive force into vitality.

CSO: 4006/400

PROVINCIAL WORK REPORTS

SICHUAN ECONOMIC SITUATION REPORT MEETING

HK281306 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 27 Mar 84

[Text] On the morning of 27 March, Jiang Minkuan, deputy secretary of the provincial CPC committee and vice governor, made a report on the economic situation and strategic measures to some 3,000 cadres and scientific research backbone elements in the Jinjiang Hall, Chengdu. With the consent of the provincial CPC committee, this kind of report meeting will be continuously held from now on.

To heighten the understanding of cadres and scientific research personnel of the general line and the general task put forward by the 12th party congress, to enable them to understand the major matters and the overall situation, to make them engage in their own professions, and to strive to make people in Sichuan rich, in accordance with the spirit of the relevant instructions of the central authorities, the provincial CPC committee has decided to conduct education in the economic situation, in current events, and in policies for cadres and personnel concerned.

Comrade Jiang Minkuan's report is one of the elements of this plan for education. His report is divided into three parts: 1) dealing with the historical situation in economic development in the whole province since liberation; 2) the current role and existing conditions of our province in relation to the whole country; 3) the plan for future development.

Yesterday's [27 March] report meeting was jointly sponsored by the propaganda department of the provincial CPC committee and the CPC committee of the organs at the provincial level.

CSO: 4006/400

PROVINCIAL WORK REPORTS

GUIZHOU CONFERENCE ON ECONOMIC RESULTS

HK280329 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 25 Mar 84

[Text] The provincial conference on economic work, which is being held in Guiyang, clearly states that economic results are major indicants of the quality of the work of economic departments and enterprises. We must raise economic results in a down-to-earth manner and work hard to reduce deficits and increase surpluses. We must not only do well in reducing industrial enterprises' deficits and increasing their surpluses but also especially step up reducing commercial and trade enterprises' deficits and increasing their surpluses. This year, we must basically eliminate deficits resulting from mismanagement, pay attention to grasping deficits which result from implementing policies, and pay attention to dealing with products which incur losses which are produced by enterprises which make profits.

With a view to doing a good job in reducing deficits and increasing surpluses, the conference has put forward several measures:

Regarding enterprises which reduce deficits and increase surpluses in the specified time, deficit subsidies checked and ratified for the year will be issued correspondingly and profits made during the year can be retained. Additional bonuses equivalent to 1/2 month's wages or a month's wages can be awarded to workers.

If enterprises fail to reduce deficits due to poor management without a special reason, bonuses for workers must be withheld. The managers of enterprises and the secretaries of their CPC committees must be discharged from their posts and rearrangements must be made.

Regarding enterprises incurring losses again in the first half of this year without proper cause after incurring losses last year, the balance of wages between the original wages and the increased wages after the half-yearly readjustment of wages must be frozen. If these enterprises make up the losses by the end of this year, the frozen wages can be issued. If they cannot reduce deficits by the end of this year, the managers of the factories and the secretaries of their CPC committees must be discharged from their posts.

Regarding enterprises which incur losses this year, no subsidies will be issued. Enterprises which make profits must increase their profits. The level of profits must be higher than that in the preceding year. Regarding enterprises which reduce the amount of profits in the first half of this year, bonuses for workers must be deducted. As for enterprises which fail to fulfill profit quotas, bonuses equivalent to 1/2 month's or a month's wages must be deducted, and factory managers must conduct an inspection. Regarding enterprises which fulfill profit quotas, additional bonuses equivalent to 1/2 month's or a month's wages can be issued.

CSO: 4006/400

PROVINCIAL WORK REPORTS

HUNAN ADOPTS MEASURES TO REINVIGORATE ECONOMY

HK290802 Changsha Hunan Provincial Service in Mandarin 2310 GMT 27 Mar 84

[Text] According to reports dispatched by Hunan RIBAO correspondents from the provincial economic work conference, in order to reinvigorate the economy, the provincial CPC committee and government have decided on nine policy measures which are to be adopted this year.

These measures are: Supplementary regulations and rules for the development of the economy of collective ownership in cities and towns; decisions on running government-owned small industrial enterprises according to the principle of exercising ownership by the whole people, conducting collective management, paying taxes to the state, and assuming sole responsibility for their profits and losses; suggestions for establishing the system of fixing bonus ratio according to profits and taxes turned over to the state in some enterprises; trial implementation of the system of giving awards to special personnel and those who do well in economizing raw materials in government-owned enterprises and transport units; trial implementation of the system of fixing targets in management of departments in charge of supply and marketing; temporary provisions for meting out rewards to units which make good use of funds raised by the province for expediting technical progress; regulations and rules for promoting technical progress by means of the contract system; suggestions for seriously grasping the work of making up deficits in some enterprises; and temporary provisions for reclassification of enterprises.

CSO: 4006/400

PROVINCIAL WORK REPORTS

HUBEI'S HUANG ZHIZHEN SPEAKS ON ECONOMIC WORK

HK290327 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Mar 84

[Text] The 9-day provincial economic work meeting held by the provincial people's government ended on 25 March. The meeting put forward that raising economic results in an all-round manner and achieving synchronous increases in output value, profits and taxes, and financial income are the central task for the province's economic work this year. The province's economic work must base itself upon the present, maintain good performance through to the end, and strive to lead the four modernizations construction.

Provincial Governor Huang Zhizhen made a summing-up speech at the meeting. He called on leaders at all levels to have a clear understanding of the present situation and to strengthen the sense of urgency and the sense of responsibility so as to guarantee the state's key construction and the proper use of their own funds, and to concentrate on building some urgent projects in the province. Meanwhile, we must, through restructuring and transformation, tap and bring into full play the latent power of enterprises. First, we must grasp present work and do our utmost to achieve synchronous increases in three fields. Second, we must have a long-term view and, through solid work, lay a good foundation, give reserve strength to the province's economic development, and speed up the construction for the four modernizations.

Comrade Huang Zhizhen pointed out: It is necessary to vigorously promote technological progress and accelerate the exploitation of human resources and talented people. It is necessary to upgrade the quality of products and rapidly produce a great number of well known fine-quality products.

Huang Zhizhen stressed that in order to realize modernization in technology and management, it is necessary to make great efforts to exploit human resources and cultivate talented people.

On restructuring enterprises, Comrade Huang Zhizhen said: This year, we must make great efforts to grasp this. We must further strengthen leadership, upgrade the quality of restructuring, and speed up the work. All existing enterprises must be restructured before 1985.

Huang Zhizhen emphatically pointed out that it is necessary to properly circulate commodities and dredge circulation channels. Industrial and commercial departments must have an overall viewpoint and must not just pay attention to their own interests. Commercial departments must not merely purchase marketable commodities according to plans, and refuse to purchase unmarketable commodities. Industrial departments must not retain marketable products for themselves and shift unmarketable products to commercial departments. We must earnestly study the policy on purchasing and marketing farm and sideline products and properly arrange urban and rural markets so as to stabilize prices.

At the meeting, Comrade Huang Zhizhen also announced some policies to encourage the advanced. These policies are:

1. Expand to cities and counties the method of appraising and selecting the advanced according to trade. Among those units which achieve synchronous increases in output value, profits and taxes, and financial income, first, second, and third places must be selected according to their respective increase ranges.
2. In the province's 43 enterprises each of which is exempted from over 10 million yuan of profit tax, if synchronous increases are achieved in output value, selling income, profits made, and profits submitted, they should be exempted from readjustment taxes for the increased profits beyond the plan.
3. In the province's 14 cities, if three synchronous increases are achieved and their costs are reduced by over 1-5 percent, the excessive profits can be retained by the cities and used for technological innovation.

CSO: 4006/400

PROVINCIAL WORK REPORTS

GUANGXI ECONOMIC WORK CONFERENCE CONCLUDES

HK310653 Nanning Guangxi Regional Service in Mandarin 1130 GMT 30 Mar 84

[Excerpts] The regional economic work conference concluded yesterday after 8 days in session. The participants seriously studied the main points of Comrade Hu Yaobang's speech on economic work in Guangxi and the spirit of the national economic work conference. In connection with the actual conditions in the region, they discussed and studied how to emancipate the mind, relax the policies, enliven the economy, and promote economic construction in Guangxi.

Regional CPC Committee First Secretary Qiao Xiaoguang spoke at the conference yesterday morning. He stressed three issues in enlivening the economy and emancipating the mind:

1. It is necessary to take a correct view of collective economy. The region's collective economy is rather backward. We must make a great breakthrough in developing it in order to promote the region's economy. For a long time, due to leftist influence, collective economy has been given little attention and discriminated against. It has not been treated as equal to state-owned enterprises in tax revenue loans, raw material supplies, product sales and so on. In managing collective enterprises, certain units are still ideologically regarding them as large in size and collective in nature; they pursue egalitarianism in distribution; financially, they are placed under unified revenue and expenditure; in labor, they indulge in the iron ricebowl; and their cadres are appointed. There can be no great development in collective economy unless these methods of ideology, policy, and system are resolutely changed. We must correct the leftist idea of attaching little importance to developing collective economy and discriminating against collective enterprises.

2. We must seriously study and implement the policies of the party and state, to serve the enlivenment of the economy. We must make full use of the flexibility in policies, within the scope allowed by the central policies, to enliven the economy. In the past, however, we never paid attention to this flexibility. We were always strict when either relaxation or strictness were possible; we were always tight when either looseness or tightness were possible. In general, in the policies formulated by the upper levels, there are principled regulations at the front and flexibility

at the rear. In the past we only paid attention to the principled things and largely ignored the flexibility when implementing policies from the upper levels.

Guangxi is a minority-nationality autonomous region. In the past we did not make good use of nationality autonomy rights when carrying out the policies from the upper levels and formulating our own specific policies. In the future we must make full use of these autonomy rights. In implementing the central principles and policies, we can only act creatively and promote economic work if we closely link them with the region's actual conditions.

3. Every department must establish the overall concept and work in concert to give the green light to enlivening the economy. In recent years certain departments have not given enough green light to methods and measures for enlivening production. Certain departments shilly-shally over carrying out certain contract responsibilities that have been formulated and contracts that have been signed. In the future, all contracts signed must be fulfilled. Otherwise, those [passage indistinct]. So long as the specific policies we have formulated do not contravene the central policies, they cannot be changed.

After analyzing the region's favorable conditions, Comrade Qiao Xiaoguang said: So long as we establish confidence and resolve in promoting Guangxi's economy, emancipate our minds, dare to carry out reforms and create new things, and work in a sound way according to the party principles and policies, we can fully attain our goals of endeavor.

The participants were greatly encouraged by Comrade Qiao Xiaoguang's speech.

Leading comrades of the regional CPC committee and people's government Wei Chunshu, Wang Zhuguang, Ou Jiwen, Gan Ku, Wang Rongzhen, and Luo Ming were present at the meeting yesterday morning.

CSO: 4006/400

PROVINCIAL WORK REPORTS

BRIEFS

GUANGDONG ECONOMIC CONFERENCE--A provincial economic work conference convened by the provincial government opened in Guangzhou today. The conference demanded that the people of the province strive to create a new situation in the province's economic work, centered on improving economic results. The main tasks of the conference are to implement the spirit of the national economic work conference, focus on improving economic results in summing up and exchanging experiences in the province's production and circulation work in 1983, and make further arrangements for economic work this year. The conference is being attended by comrades in charge of industry and communications work in prefectural commissioner's offices and city people's governments throughout the province; directors of prefectural and city economics committees; and principal responsible comrades of provincial industry, communications, finance, and trade departments, bureaus, and companies, totalling some 200 persons. The conference will conclude on 2 April. [Text] [HK260129 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Mar 84]

SHANDONG ECONOMIC WORK CONFERENCE--On 28 March, the provincial economic work conference opened at the Najiao Guesthouse in Jinan City. Comrade Yang Xingfu, Standing Committee member of the provincial CPC committee and director of the enterpriser political work department under the provincial CPC committee, presided over the conference. Deputy Governor Liu Peng relayed the guidelines of the national economic work conference and the gist of the speeches by leading comrades of the CPC Central Committee and the State Council with regard to creating a new situation in 1984 in raising economic results. The main subjects to be discussed at this provincial economic work conference will be: With the focus on the improvement of economic results and with party rectification as the motive force, efforts should be made to fulfill all plans and targets for 1984 and to ensure a simultaneous growth of production, taxes, profits, and revenue so as to accumulate strength for the rapid economic development in the 1990's. Group discussions of the conference will begin on 29 March. [Text] [SK300257 Jinan Shandong Provincial Service in Mandarin 2300 GMT 29 Mar 84]

CSO: 4006/400

ECONOMIC PLANNING

QINGHAI CPC DECISION ON PROVINCIAL DEVELOPMENT

HK280707 Xining Qinghai Provincial Service in Mandarin 1100 GMT 26 Nov 83

[Excerpts] The second plenary session of the Sixth Qinghai Provincial CPC Committee, which concluded on 23 November, adopted a decision of the provincial CPC committee on creating conditions for the large-scale development of the province.

The decision said: During his inspection of Qinghai at the end of July, CPC Central Committee General Secretary Comrade Hu Yaobang delivered many important instructions and made an important speech on summoning up the resolve of the foolish old man to develop Qinghai. On behalf of the CPC Central Committee, he proposed the strategic idea that the focal point of China's economic development was bound to shift to the Great Northwest at the end of this century and the beginning of next. Developing and building Qinghai, changing the backward economy and culture of the province as quickly as possible, and building Qinghai into an advanced modernized strategic area of the motherland has been the urgent demand of the province's 4 million people of all nationalities for many years. In the wake of the progress of the country's four modernizations drive, this task is now confronting us. The party members, cadres, and people of all nationalities in the province must work hard to actively create conditions to greet a new period of large-scale construction of Qinghai.

The decision said: In order to provide a scientific basis for the large-scale development of Qinghai, we should vigorously launch investigation and study and strive to spend about 1 year in getting a clearer picture of the province's economic and social development state and potentials, of the distribution of main resources, of the conditions for development, and of economic results. We should carry out scientific verification and study and strive to spend about 1 year in getting a clearer picture of the province's economic and social development state and potentials, of the distribution of main resources, of the conditions for development, and of economic results. We should carry out scientific verification and feasibility studies to this end.

The decision said: We must firmly establish the guiding ideology of large-scale agriculture. We must continue to rely on the policies and on science to mobilize the masses' enthusiasm, tap the potentials of the households for developing production, and promote agriculture and animal husbandry.

The decision pointed out: Extensive planting of grass and trees is the breakthrough point for changing the province's backward state of agriculture and animal husbandry. We must encourage the peasants and herdsmen to carry out developmental operations, and develop specialized households in the planting of grass and trees. We should also provide the necessary support for them in capital and technology. With the focus on specialized households, we should strive to develop commodity production in the rural and pastoral areas, under the guidance of the principle of actively promoting diversification without any slackening of grain production, and advance toward the depth and breadth of production.

The decision said: We must resolutely implement the Central Committee and State Council instructions on concentrating finances and materials to ensure key construction projects. At the same time, we must work to operate the existing enterprises well and rely on them to produce growth, results, technology and talent.

The decision proposed adopting a variety of forms to run education, and measures for training talented people for the development of Qinghai.

The decision said: The party organizations at all levels must strengthen investigation and study, actively probe new ways of social development in the rural and pastoral areas suited to Qinghai's characteristics, and guide the peasant and herdsmen masses to build a new socialist life from the fruits of their labor.

The decision proposed: It is necessary to strengthen the building of the cadre contingent and strive to create a new situation in all work. We must do a good job in structural reform and strengthen the building of the leadership groups and the entire cadre force in accordance with the demands for four transformations of the cadres. We must teach and encourage the existing cadres to love Qinghai, take root here, and work hard to contribute to developing the province. We must do well in running party and cadre schools of all types.

We must further implement the policy on intellectuals, respect and cherish talent, and continue to solve the problem of misemployment so as to bring the role of intellectuals into full play.

It is necessary to adopt appropriate policy measures to bring into Qinghai in a planned way specialized and technical cadres and scientists and technicians from the interior of China, to take part in construction.

We must do a good job in promoting unity between people of all nationalities, between cadres and masses, between army and people, between Han and minority-nationality cadres, between new and old cadres, and between cadres from elsewhere and local cadres, and work in concert to make a success of work in Qinghai.

CSO: 4006/161

ECONOMIC PLANNING

FUJIAN PLANS TO ACCELERATE ECONOMIC CONSTRUCTION

OW081121 Fuzhou FUJIAN RIBAO in Chinese 23 Nov 83 p 1

[Excerpts] A 4-day work meeting jointly held by the provincial CPC committee and the provincial government closed on 22 November. The meeting relayed and studied the instructions given by President Li Xiannian and Premier Zhao Ziyang when they inspected this province and discussed how to speed up Fujian's economic construction by proceeding from the actual situation and giving full scope to the favorable conditions of the province. In particular, tasks to be carried out at present were studied and a work plan was drawn up.

The meeting was attended by members and alternate members of the provincial CPC committee; members of the preparatory group for the advisory commission under the provincial CPC committee; leading cadres who were party members from the Standing Committee of the provincial people's congress, the provincial government, and the provincial CPPCC committee; members of the discipline inspection commission under the provincial CPC committee; secretaries of various prefectural (city) CPC committee; commissioners and mayors from various prefectures and cities; and secretaries of party committees of various provincial commissions, offices, departments, and bureaus; totaling 276 in number.

Provincial Governor Hu Ping delivered an economic work report at the meeting. Participants carried out serious discussions on the questions of studying and implementing the central leading comrades' instructions, accelerating the economic construction of our province, making up deficits, increasing surpluses, and improving the operations of enterprises. They also discussed the economic work plans for next year and for the current winter-spring period.

The meeting set up the following tasks to be carried out at the present time:

- 1) Great efforts should be made to import enterprises. It is hoped that 500 projects in this regard will be completed in the "Sixth 5-Year Plan" period. In the "Seventh 5-Year Plan" period, even more work should be done to introduce advanced technology and equipment into our province.
- 2) Continued attention should be paid to the construction of basic installations.
- 3) Efforts should be made to speed up the construction of the Xiamen Special Economic Zone, to build the southern Fujian Economic Zone, and to develop the economy of native villages of overseas Chinese in the coastal area.
- 4) More sources of foreign exchange should be explored.
- 5) Timber forest farms should be established. These farms

should have fast growing trees capable of producing large quantities of timber. Now there are 10 million mu of fir trees in the province. According to the plan, an additional 10 million mu of timber forests will be built from 1984 to 1983 [as printed] 6) It is necessary to go all out to develop intellectual resources and recruit competent personnel from outside to work in our province.

In addition to the above, the meeting pointed out that Fujian's economy cannot be developed without paying attention to agriculture, the basic sector of its economy. It is essential to continue to develop grain production and build commercial grain centers. At the same time, positive efforts should be made to promote fisheries, livestock production, and other undertakings so as to diversify the economy.

Comrade Huang Ming spoke at the meeting on the work of building spiritual civilization during the current winter-spring period. Comrade Zhang Gexin delivered a speech dealing with family planning work in the province.

CSO: 4006/161

ECONOMIC PLANNING

NORTHWEST ECONOMIC, SOCIAL DEVELOPMENT FORUM

HK071247 Beijing RENMIN RIBAO in Chinese 4 Dec 83 p 3

[Report by Wang Xiyuan [3769 3305 0337]: "Meeting of Specialists, Scholars, and Economists Held in Beijing to Discuss Strategic Questions Concerning Economic and Social Development of the Northwest"]

[Text] Not long ago, the Economics Institute of the Chinese Academy of Social Sciences and other units held a forum in Beijing to discuss strategic questions concerning the economic and social development of the northwest. About 150 specialists, scholars, and economic workers from Beijing and the northwest carefully studied some of the strategic questions concerning the economic and social development of the northwest.

They pointed out: Only by reevaluating the important part played by the vast territory of the northwest in the social and economic development of the whole country can we unify understanding and place the work to develop the northwest on a scientific basis.

According to the boundaries set by Comrade Hu Yaobang at the conference on dry-land agriculture in north China, the northwest refers to Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang and part of Nei Monggol. In order to make things convenient for statistical work, it is [word indistinct] as being five provinces and autonomous regions, namely Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang. The area of these five provinces and autonomous regions totals more than 3 million square km, which constitutes about one-third of the total area of the whole country. These five provinces and autonomous regions have a total population of about 70 million, constituting less than 14 percent of the total population of the whole country. In modern times, when the population of the whole world is growing unceasingly, and when the contradictions between man and land resources are becoming increasingly acute, the great significance for future economic and social development of the natural resources in such a vast piece of land as our northwest is understandable.

The specialists said: The northwest is a vast piece of land, rich in mineral deposits and water and biological resources which have not previously been explored by us. In the past, under the condition of low scientific and technological levels, people did not think highly of the northwest. Some even

called it "a piece of barren land" because they looked at it from the angle of growing crops. In fact, even in the barren Gobi Desert, buried underground were rich natural resources, such as metals, nonmetals, oil, natural gas, and so on. Up to now, more than 500 large and medium-size metal and nonmetal mines have been verified in the northwest. However, only about 100 of them are being exploited. Of the more than 90 verified minerals, 40 have the largest reserves in the whole country. Thus, some specialists suggested that: "Our eyes must not be fixed on the land surface. We should look beneath the crust and at the air above. In other words, we should change our vision from 'two-dimensional' to 'three-dimensional.'" By the air above, is principally meant the solar and wind energy with which it is richly endowed by nature.

CSO: 4006/161

ECONOMIC PLANNING

CPPCC SPECIALISTS MAKE DEVELOPMENT SUGGESTIONS

OWO20926 Beijing XINHUA in English 0707 GMT 2 Apr 84

[Text] Beijing, 2 Apr (XINHUA)--Fifty specialists sent to northwest China by the Chinese People's Political Consultative Conference (CPPCC) and China's democratic parties have put forward suggestions to speed development of the area.

A report in the latest issue of the weekly paper run by the CPPCC says the proposals have been welcomed by the Communist Party Central Committee.

The specialists suggested:

- Formulating a law to protect the ecology of the grasslands;
- reducing or remitting the agricultural tax in the pastoral areas;
- cultivating licorice root and Chinese ephedra and preventing indiscriminate digging for these medicinal herbs so as to curb desertization in Inner Mongolia;
- improving the living conditions of scientific personnel and other workers in desert-control and afforestation;
- increasing the supply of chemical fertilizer for the provinces and regions in northern and northwest China;
- reforming the commodity circulation system and breaking the monopoly of the dairy and meat trade by state-run food companies; and
- strengthening quarantine of tree and grass seeds sent to northwest China from other parts of the country to prevent possible dissemination of plant diseases and insect pests.

Communist Party General Secretary Hu Yaobang and Premier Zhao Ziyang, who both inspected northwest China last August, have repeatedly stressed the importance of developing the area. They advised that China's major economic construction efforts be concentrated in the northwest by the turn of the century.

CSO: 4020/93

AGGREGATE ECONOMIC DATA

STATISTICS ON INDUSTRIAL PRODUCTION

HK011308 Beijing JINGJI RIBAO in Chinese 21 Nov 83 p 2

["Major Statistical Figures on Industrial Production and Communications and Transportation in October 1983"—compiled by the State Statistical Bureau]

[Text]

	Jan-Oct 1983	Oct 1983	Increase percentage from January to October 1983 over corresponding period of last year
Total industrial output value	503.784 billion yuan	53.35 billion yuan	110.5
Light industrial output value	247.442 billion yuan	26.549 billion yuan	108.1
Heavy industrial output value	256.342 billion yuan	26.801 billion yuan	112.9
Bicycles	22,5966 million	2,5585 million	115.9
Sewing machines	9.0493 million	934,500	85.9
Wristwatches	28.916 million	2.7944 million	106.8
Television sets	5.0048 million	571,700	108.8
Radios	15.4702 million	1.8762 million	105.9
Recorders	3.709 million	365,100	160.6
Household washing machines	2.99 million	323,900	146.6
Cameras	784,800	85,700	112.9
Electric fans	8.6704 million	735,700	111.8
Household refrigerators	149,466	18,552	194.0
Chemical fiber	439,400 tons	52,100 tons	100.6
Yarn	2.7631 million tons	271,000 tons	98.3
Cloth	12.413 billion meters	1.187 billion meters	98.9
Chemical fabrics	4.248 billion meters	464 million meters	108.3
Silk fabrics	798 million meters	83 million meters	105.4

	Jan-Oct 1983	Oct 1983	Increase percentage from January to October 1983 over corresponding period of last year
Wool fabrics	112.699 million meters	12.2274 million meters	110.4
Hair and down	81,900 tons	8,400 tons	111.4
Sugar	2.8735 million tons	110,200 tons	118.6
Raw salt	14.2726 million tons	1.7385 million tons	98.7
Cigarettes	15.2105 million boxes	1.9379 million boxes	102.0
[Item and figures indistinct]			
Machine-made paper and paper boards	5.2551 million tons	522,200 tons	110.5
Bulbs	1.02 billion	108 million	116.1
Raw coal	570.7508 million tons	58.4713 million tons	107.1
Crude oil	87.9601 million tons	9.0948 million tons	103.6
Natural gas	10.114 billion cubic meters	990 million cubic meters	103.1
Generated electricity	287.916 billion kilowatt hours	29.852 billion kilo- watt hours	107.4
Hydropower	71.726 billion kilowatt hours	7.514 billion kilo- watt hours	118.6
pig iron	31.1433 million tons	3.2359 million tons	105.6
Steel	33.2258 million tons	3.5478 million tons	107.7
Rolled steel	25.5392 million tons	2.7702 million tons	105.8
Coke (machine- made)	28.5276 million tons	2.9894 million tons	103.5
Sulphuric acid	7.1536 million tons	752,700 tons	105.8
Soda ash	1.4848 million tons	162,200 tons	103.2
Caustic soda	1.7695 million tons	181,300 tons	103.2
Chemical fertilizers	11.7037 million tons	1.2673 million tons	107.3
Medical chemicals	42,200 tons	4,700 tons	114.6
Farm chemicals	299,100 tons	23,400 tons	75.6
Cement	87.5995 million tons	9.4957 million tons	112.9
Glass plates	33.574 million standard cases	3.5579 million standard cases	115.9
Power-generating equipment	1.6009 million kilowatts	323,400 kilowatts	170.5
Metal-cutting machine tools	97,200	8,600	119.0
Motor vehicles	201,300	21,600	123.3
Hand tractors	409,600	41,000	164.0
Locomotives	504	49	120.3
Rail freight volume	966 million tons	100 million tons	104.2
Waterway freight volume under Ministry of Communications	128 million tons	14 million tons	101.9

AGGREGATE ECONOMIC DATA

LIAONING ECONOMIC PROGRESS SCORED IN JANUARY-OCTOBER PERIOD

SK060745 Shenyang LIAONING RIBAO in Chinese 18 Nov 83 p 1

[Text] According to statistics compiled by the department concerned, Liaoning Province, under the correct leadership of the central authorities, made gratifying economic development in the January-October period this year. It not only reaped a bumper agricultural harvest, but also made a new breakthrough in industry and financial revenues and new progress in commerce, foreign trade, and economic and technical cooperation with foreign countries.

In the January-October period, the province's total industrial output value surpassed the figure of the corresponding 1982 period by 8.7 percent. Its annual industrial output value is expected to score an increase of more than 6 percent over the 1982 figure, topping the previous peak. The province increased its number of products that won national level fine-quality prizes from 48 in 1982 to 65 in 1983. The number of its money-losing industrial enterprises and their deficits are both expected to decline by 50 percent.

In this period, the province's financial revenues scored a 4.9-percent increase over the figure of the corresponding 1982 period, and its annual financial revenues are expected to score a 3.7-percent increase over the 1982 figure. Its tax revenues scored an 8.3 percent increase over the figure of the corresponding 1982 period. By making a new breakthrough in financial revenues, the province will end the fluctuation that has prevailed in fulfilling the state financial revenue assignment over the past few years.

In this period, the province's gross procurement of export commodities scored a 5.5-percent increase over the figure of the corresponding 1982 period. The province completed more than 150 business projects with reference to joint-venture business with foreign countries, compensatory trade, and equipment installation for processing products with materials provided from abroad. The province enjoyed foreign exchange of more than 30 million yuan. During the international trade talks held in Dalian city in September this year, the province signed 81 deals concerning economic and technical cooperation with foreign countries and directly received foreign investments worth more than 30 million yuan. It also signed deals with Tianjin Municipality, Nei Monggol and Xinjiang Autonomous Regions, and Jilin and Heilongjiang Provinces.

The province's current major question is its low economic return and the failure to achieve simultaneous increases in industrial output value and profits. Its enterprises, particularly the enterprises run by counties or districts, urgently need have their quality upgraded.

AGGREGATE ECONOMIC DATA

INDUSTRIAL OUTPUT UP IN JAN-FEB 1984

OW290621 Beijing XINHUA Domestic Service in Chinese 1228 GMT 28 Mar 84

[Text] Beijing, 28 Mar (XINHUA)--According to what reporters have learned from the State Statistics Bureau, industrial production in China in the first 2 months of this year not only showed a faster increase in total output value but also achieved considerably better economic results. The following are the main indications:

Products are more readily marketable, and the increase in sales is greater than the increase in total output value. From January through February, the total value of output of state industrial enterprises included in the budget increased by 12.2 percent over the same period last year, while sales increased by 6.5 billion yuan, or 12.4 percent, over the same period last year.

The increase in profits and taxes is greater than the increase in total output value. From January through February, the gross profits and product sales taxes from state industrial enterprises included in the budget totaled 14.5 billion yuan, an increase of 1.7 billion yuan, or 13.6 percent, over the same period last year. Of this total, profits increased by 17.3 percent. In the first 2 months of this year, the total profits and taxes realized from every 100 yuan of output value amounted to 22.4 yuan, an increase of 0.3 percent over the same period last year. However, although the profits turned over to the state by the state industrial enterprises increased by 8 percent over the same period last year, they are far below the percentage increase in total profits. This shows that profit-making enterprises are retaining too much of their profits for themselves.

Losing enterprises have done fairly well in cutting down losses. As of the end of February, the number of losing enterprises among state industries included in the budget had dropped by 4,203 from the same period last year, and the ratio of losing enterprises dropped from 3.16 percent in the first 2 months of last year to 21.2 percent for the same period this year. The losses sustained by losing enterprises in Beijing, Shanghai, Jiangsu, Henan, Guizhou, Gansu and Ningxia provinces, municipalities and autonomous region dropped by 50 percent to 70 percent.

CSO: 4006/400

AGGREGATE ECONOMIC DATA

BRIEFS

HUNAN MACHINERY PRODUCTION--By 20 November, the gross output value of machinery in Hunan Province was 20 percent more than in the same period last year, and the amount of profits and taxes was 60 percent more than in the corresponding period last year. The province now has some 80 new products. [Summary] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 29 Nov 83 HK]

JIANGXI INDUSTRIAL PRODUCTION--Jiangxi Province's Industrial output for the first 2 months of 1984 was 1,485 million yuan, up 14.2 percent over the corresponding period in 1983. The output value of light industry rose 10.7 percent; that of heavy industry, 18.2 percent. The province's coal output during that period was 2,613,600 dun, an increase of 8.6 percent over the same period in 1983. The province's power output was 1,014 million kWh, up 11.1 percent. [Summary] [OW271906 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 8 Mar 84]

CSO: 4006/399

ECONOMIC MANAGEMENT

RENMIN RIBAO ON SUBSTITUTING TAXES FOR PROFITS

HK060540 Beijing RENMIN RIBAO in Chinese 30 Nov 83 p 5

[Article by He Zhenyi [0149 2182 0001]: "Probing Into the Theories of and Methods for the Second Stage of the Substitution of Taxes for Profits"]

[Text] After finishing work on the first step of the substitution of taxes for the delivery of profits, how should we put the second step into practice? I would like to probe superficially into its theories and methods in light of the experiences gained in the economic reform over the past few years.

Tasks for the Second Step of the Substitution of Taxes for Profit

Substitution of taxes for profits represents a change in the form of delivering net income to the state by state enterprises. In appearance, the tasks seem very simple and we have the task for the second step of the substitution of taxes for profits by basing ourselves on the first step and by further changing the remaining profit into a form of delivering tax payment. Actually this is not so. Substitution of taxes for profits is a measure of strategic importance in the in-depth development of China's economic reform. Its tasks are much more extensive than changing the form of delivering net income to the state by enterprises. We can gain a good understanding of this from the objective cause for implementing the substitution of taxes for profits. It is no accident that the substitution of taxes for profits has been put into practice in an all-round way throughout the country. This is the result of summing up the practical experience of our economic reform and is the inevitable requirement of economic development.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have carried out the structural reform of the economy step by step and in a planned way on the basis of summing up in an all-round way our experiences and lessons in previous economic management and in light of the various malpractices in economic management, such as excessive centralism, lack of economic responsibility, and the practice of "everybody eating from the same big pot." In cities, first of all, we conducted the reform of the financial distribution system, expanded the decisionmaking power of enterprises and, through reform, the economic responsibility system, an economic management form of socialist public ownership with Chinese characteristics, has taken shape and developed. Since its emergence, the economic responsibility system, which integrates responsibility and rights

with profit, has displayed its tremendous superiority. All new things are imperfect at the beginning. So is the current economic responsibility system. It is still quite imperfect, particularly the various profit retention methods and the form of contracted profit adopted in the distribution relationship between the state and enterprises. Although they can initially integrate responsibility and right with profit, they have various defects, such as unstable and weak economic responsibility and failure to integrate closely responsibility and right with profit, which hamper the consolidation and development of the economic responsibility system. Objectively, there is an urgent need to overcome these defects in order to improve the economic responsibility system. Through the practice of the economic reform over the past few years, we have come to realize that substituting taxes for profits is an effective means to strengthen and stabilize the economic responsibility of enterprises. After the implementation of the substitution of taxes for profits, all enterprises, regardless of the economic results of their production and management, must first fulfill the tasks of paying the state according to stipulation. This can stabilize and strengthen the economic responsibility of enterprises and increase their exterior economic pressure. With the stability of responsibility, the other two aspects, namely, the enterprises' rights and profit, will also be stabilized. After fulfilling the tasks of payment to the state, the remaining funds are at the disposal of the enterprises concerned. They are responsible for the amount, be it a surplus or a deficit, and this increases the internal motive force of the enterprises. Both the internal motive force and external pressure add to the vitality of enterprises.

The economy of our socialist state is a planned economy. Expanding the decision-making power of enterprises and reducing unnecessary interference in the micro-economy by direct administrative means will ensure the vitality of enterprises, but this does not mean that we should give up our control over the macroeconomy. Conversely, the more we want to invigorate the microeconomy, the more we should strengthen control over the macroeconomy. An important way is to strengthen the role of economic levers. The shortcomings that have emerged over the past few years in some measures of our economic reform often have something to do with the failure of the economic levers to give scope to their regulatory role correctly. Economic development finds it necessary to give scope to the role of the economic levers but the economic levers themselves fail to give scope to their roles regularly. Following the in-depth development of the economic reform and the extensive popularization of the economic responsibility system, this contradiction will become more acute. Improving the economic levers speedily in order to bring into full play their regulatory roles has become an urgent objective requirement. Under the conditions when it is still difficult to reform price in an all-round way, the implementation of the substitution of taxes for profits and improvement of the tax lever have become a primary issue.

In 1980, we instituted the system of financial management at different levels and the practice of "eating from different pots." Practice over the past few years has proved that the orientation of this reform is correct and that it is very effective. However, while giving scope to its positive role, the system of financial management at different levels has also brought with it some negative influences to the economic reform and development. With the implementation of the substitution of taxes for profits, a tax-sharing system has

been implemented between the central and local finance departments, by which all enterprises, regardless of what department they are subordinated to, must assume the duty of paying taxes to both the central and local authorities. This has helped remove the malpractice of dividing revenue and expenditure according to one's administrative subordination and, at the same time, freed the enterprises from unnecessary administrative interference, thus further improving the economic responsibility system.

The principal tasks of the substitution of taxes for the delivery of profits can be summed up as follows: 1) By changing the form of preserving both taxes and profits, by which enterprises deliver their net income to the state, into one of paying taxes, we can stabilize the distribution relationship between the state and enterprises and further define and strengthen the economic responsibility of enterprises; 2) Reform the tax system in an all-round way according to the requirements for developing and improving the economic responsibility system; that is, remove, through the reform of the tax system, the uneven profits of enterprises gained from external factors and improve the role of taxation as a lever; and 3) Meet the requirements of the tax-sharing system, which is one of sharing financial resources, according to city reform, and particularly to the reform of the financial system, and reform the tax system so that the interests of the central and local finance departments can be integrated and the enterprises can be freed from the administrative shackles of departments and regions at different levels.

The first step of the substitution of taxes for profits is only a transitional measure. We cannot and should not require it to accomplish the above-mentioned tasks.

Will the implementation of the substitution of taxes for profits affect the ownership character of state enterprises? The answer is no. Theoretically speaking, the implementation of the substitution of taxes for profits is aimed at stabilizing the distribution relationship between the state and enterprises and improving the economic responsibility system through changing the form of paying the net profit of state enterprises. It does not involve the question of ownership. If it does have some influence over the public ownership character of state enterprises, it has strengthened the economic responsibility of enterprises, enriched the means of state control over the macroeconomy of enterprises, and further consolidated and strengthened the character of public ownership. This is because the public ownership character of state enterprises is a crucial indication that, for the economic results of their production and management, the enterprises and their workers and staff members assume complete economic responsibility to the state (society) and that only by realizing their economic responsibility to the state will it be possible for the enterprises and their workers and staff members to safeguard their interests. In implementing the substitution of taxes for profits, we precisely set this demand on enterprises.

In recent years, we have instituted the substitution of taxes for profits on a trial basis in more than 400 enterprises in 18 provinces, municipalities, and autonomous regions throughout the country. Practice has proved that in these experimental enterprises, the sense of ownership by the whole people has

not been weakened but strengthened. The orientation of the substitution of taxes for profits is correct and its result is also good. This has been affirmed by the Fifth Session of the Fifth NPC.

Where Do We Start the Second Step of the Substitution of Taxes for Profits?

According to the tasks of the substitution of taxes for profits, we can only start the second step with an all-round reform of the tax system.

The second step of the substitution of taxes for profits, as the term suggests, should presumably be started with changing the form of paying the remaining profit. In doing so, however, it is very difficult to achieve the predetermined objectives of the substitution of taxes for profits.

The first step of the substitution of taxes for profits has been implemented on the basis of leaving the original industrial and commercial tax unchanged and by adopting the method of imposing income tax on the after-tax profit. The income tax is a tax on profit. As far as an enterprise is concerned, there is not any essential difference between income tax and the retention of profit. An enterprise pays taxes only when it has profit. The amount of tax to be paid depends on the amount of profit. Since the 3d Plenary Session of the 11th CPC Central Committee, in an effort to suit the needs of economic development, we have done a lot in reforming the tax system and have attained great achievements. However, the industrial and commercial tax paid by state enterprises has not succeeded in overcoming the existing malpractices once and for all. The situation in our tax system has determined that in the second step of the substitution of taxes of profits, it is necessary to start with the all-round reform of the existing tax system and, in accordance with the requirements of the various tasks of the substitution of taxes for profits, select the categories of tax and design the tax rate accordingly. Only in this way can we achieve the anticipated objectives of the substitution of taxes for profits in a satisfactory way. Some comrades said: Since the industrial and commercial tax is principally a unitary one, we can attain our aim by redividing the various taxes that were formerly merged and changing its name into the product tax. However, the regulatory role of a tax does not lie in its name but in the character of the taxable object and in the way the tax rate is designed. Take the industrial and commercial tax of our country, for example. The standards for designating taxable items are not uniform, with some according to products, some according to trades, and some according to the main categories of product. Taxable items are taxable objects in concrete form. Therefore, the characters of taxable objects in the industrial and commercial tax are confused and it is difficult for them to regularly play their role as a lever. Moreover, the basis for designing the tax rates at that time was different from now. If we do not change all this but only change its name into the product tax, it will only have an empty name. We usually refer to taxation as a whole when we say that taxation has a regulatory role on production, distribution, circulation, and consumption. Furthermore, the regulatory role of a tax is not all-powerful, with different categories of tax having their different roles. 1) Different

categories of tax have different targets of regulation. For example, the product tax can regulate the profit difference brought about by the irrational prices of different products but it cannot regulate the profit difference caused by different technological equipment. The income tax can directly regulate the total income level of an enterprise but cannot regulate the production or consumption of a certain product. 2) Different categories of tax also have different scopes of regulatory roles. For example, the product tax has a wide regulatory scope while tax on slaughtering animals has a narrow regulatory scope. 3) In the course of fulfilling a specified economic task, the regulatory role of taxation does not work in isolation but with mutual complement and coordination among various categories of tax. In order to fulfill a certain economic task, we often need the mutual coordination of several selected and specified categories of tax. 4) The role of the same category of tax differs according to different starting points, bases, and methods in designing the tax rates. For example, the product tax has an extensive regulatory role but, if we fail to apply it properly, we cannot attain the desired results. In the second step of the substitution of taxes for profits, we shall adopt the product tax. However, if we do not design the tax rates according to the actual amount of irrational price but according to the current profit amount, we shall also be unable to readjust the uneven profit of enterprises brought about by irrational prices.

In short, in carrying out the second step of the substitution of taxes for profits, it is necessary to start with the objectives and tasks of the substitution of taxes for profits and with the all-round reform of the existing tax system, select the categories of tax according to every specified task, explicitly stipulate the taxable objects, design the tax rates according to their regulatory tasks, and redistribute and rearrange the net profit of state enterprises between the state and enterprises. Only in this way can we attain the objectives of the substitution of taxes for profits smoothly and correctly.

Several Tentative Ideas on Methods for the Second Step of the Substitution of Taxes for Profits

A key issue in carrying out the substitution of taxes for profits is to make clear which portion in the profits or losses of enterprises has been attained through our subjective efforts and which has been caused by external factors. Only by deducting the profits or losses caused by external factors can we reflect the actual business and the actual profits or losses of enterprises and effectively arrange the distribution relationship between the state and enterprises. For this reason, in selecting the categories of tax, and particularly in designing the tax rates, it is necessary to carry out the second step of the substitution of taxes for profits in two stages. First, remove the enterprise profits or losses caused by the objective factors, such as irrational prices, by selecting some suitable categories of tax and fixing rational the tax rates accordingly so that the genuine results of production and business can be reflected and thus prepare conditions for fixing the rational income tax rates and determining the profit retention level for the enterprises in the second stage.

1) Remove the profits or losses caused by irrational prices by means of the product tax and according to the tax rates, which are designed according to the actual difference between the price of the taxable product and its value. It is necessary to design two tax rates--the ordinary tax rate and the specified tax rate--for regulating prices, and then merge them into one tax rate. The specified tax rate is determined according to the profit or loss amounts caused by irrational price. We should work out a positive or negative tax rate according to the profit or loss amounts. It is combined with the ordinary tax into an official tax rate of the product tax.

2) Concentrate the portion of profit brought by grade difference by means of the profit tax on grade difference in order to remove the difference caused by different natural resources, geographical positions, and transport conditions. In order to bring into full play the regulatory role of profit tax on grade difference, it is necessary to determine the tax rate according to the profit gained from the grade difference and not attach additional conditions. We can consider the imposition of the tax on resources for other purposes, such as protecting national resources, and promoting their rational utilization.

3) Remove the profit difference in various enterprises caused by the difference in the possession of [phrase indistinct] It directly affects the labor productivity of the enterprise. Enterprises with a higher level of technological equipment have a higher labor productivity than those with a lower level of technological equipment and their profits are also higher. This income has not come from the hard efforts of the enterprises but from the redistribution of value among various enterprises. It should belong to the state finance departments so that the enterprises possessing different amounts of funds can be in an equal position.

After removing the profit or loss amount caused by external factors, the various enterprises are placed in an equal position and the net income level of these enterprises is an indication of the good or bad results of the enterprises in both production and management. We can thus calculate the rational level of profit retention and use the economic lever to reward the diligent, punish the lazy, encourage the advanced, and spur on the backward. Otherwise, a phenomenon characterized by failure to mete out fair rewards and punishments will emerge, with all profit gained through subjective efforts taken away while enterprises with poor management retain the presumptuous profits.

2. Determine the level of profit retention according to the actual and readjusted profit amount, the economic responsibility of the enterprises stipulated by the state, and the principles of dealing with each case on its merits and shouldering a rational burden. Then, deduct payment for some other categories of tax and the profit retained by the enterprises from the actual profits amount of the enterprises. The remaining portion should be turned over to the state finance departments according to the income tax and the progressive method for excess.

In designing the tax system, it is also necessary to discard the concept of local tax in its original sense. It is necessary to expand the scope of local tax in order to prepare conditions for the implementation of the tax-sharing financial system based on the financial-sharing system. What is referred to as the financial-sharing system is that every financial source (source of tax) should become a source for both the central and local financial revenue and that both the central and local authorities levy taxes on it. In this way we can directly integrate the central with the local interests. This can help eliminate "local ownership" and free enterprises from the shackles of departments and regions at different levels. In implementing the tax-sharing system, which is based on the common sharing system, there are several methods we can choose. 1) Adopt the method of adjusting the income, which is similar to the existing system, and share it between the central and local authorities; 2) Adopt the method of local additional tax; and 3) With respect to the same source of tax (the same taxable target), impose simultaneously two categories of tax for the central and local authorities. Judging from the overall strategy of economic reform, in an effort to apply more fully and flexibly the role of taxation as a lever, the last method seems to be more advantageous. It will be convenient for the central and local authorities to apply the economic lever without one affecting the interests of the other end, more importantly, it will be more convenient to stabilize the relations between the central and local finance departments and to establish the financial responsibility system.

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ECONOMIC MANAGEMENT

GUANGDONG TAKES MEASURES TO PROMOTE ECONOMY

HK291055 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Mar 84

[Text] According to reports from the provincial economic work conference which is still in session, this year our province will make proper arrangements for promoting production and commodity circulation in four aspects in order to accelerate its economic development in an all-round way.

First, giving priority to developing the energy industry and transport, the weak links in our economic development. Efforts must be made to fulfill the state targets for coal output. As for the power industry, efforts must be made to speed up the technical transformation and the building of power stations in Shaoguan, Guangzhou, and Shajiao, and to develop the network of small power stations in real earnest. In terms of transport, stress must be placed on the building of harbors in Huangpu, Shantou, Zhangjiang, Haikou, Basua, Guangzhou, Zhongshan, Zhaoqing, Jiangmen, and Sanbu. Meanwhile, further efforts must be made to step up technical transformation of the southern sector of the Beijing-Guangzhou railway line and the Guangzhou-Shenzhen railway line, the building of bridges on the Guangzhou-Zhuhai and Guangzhou-Shenzhen highways, and the maintenance of 10 arterial highways.

Second, efforts must be made to ensure the production and supply of the means of agricultural production, consumer goods, and industrial raw materials in short supply.

Third, strenuous efforts must be made to ensure commodity circulation, thus keeping markets stable and brisk. Pre- and post-busy farming season service trades must be energetically promoted while ensuring the procurement and supply of the means of production and the means of livelihood. Coordinated land and water transport in varied forms but with few levels must be further encouraged so that industrial goods can be quickly shipped to the rural areas and so that farm and sideline products can be shipped to cities and towns without delay.

Fourth, prompt analysis of production, commodity circulation, and economic results must be made often so as to continuously achieve better economic results.

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ECONOMIC MANAGEMENT

GUANGDONG TO REDUCE DEFICITS, INCREASE SURPLUSES

HK301518 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 29 Mar 84

[Text] A reporter of this station learned from the provincial conference on economic work that this year, to fulfill the task of reducing deficits and increasing surpluses, our province will take three measures:

1. It is necessary to implement the responsibility system at all levels, to make pledges at all levels, and to link reward with punishment. Mayors, commissioners, and county heads must be responsible for reducing deficits and increasing surpluses in cities, prefectures, and counties. Factory directors or managers must be responsible for reducing deficits and increasing surpluses in their trades. Various forms of the economic responsibility system must be established and perfected in the enterprises.
2. It is essential to make enterprises and key trades which incur losses, reduce deficits and increase surpluses. All cities, prefectures, and departments must understand the important task of reducing deficits and increasing surpluses and must organize work groups and send them to basic levels to help and supervise these basic levels.
3. It is imperative to persist in transformation and to enliven the economy. In accordance with the state unified arrangements, we must vigorously do a good job in substituting taxes for the delivery of profits. At the same time, we must select a small number of units to implement the economic contract responsibility system. In addition, we must relax policies on small county-run enterprises making small profits and on enterprises incurring losses both of which account for a relatively large part of state-run industrial enterprises which incur losses.

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ECONOMIC MANAGEMENT

GUANGDONG HOLDS CONFERENCE OF INDUSTRIAL CHIEFS

HK210340 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 18 Mar 84

[Excerpts] The Guangdong provincial conference of industrial and commercial administration bureau chiefs, which closed today, put forth the following key task for the work related to industrial and commercial administration this year: Vigorously develop trade in urban and rural fairs, establish a number of market places for the wholesale of agricultural and sideline products, and continue to develop individual industrial and commercial households in order to further enliven commodity circulation and promote commodity production.

The conference decided: On the basis of satisfactorily managing and enlivening the existing 2,483 fair grounds, we should set up more than 100 new fair grounds. In large and medium-sized cities and the areas and counties where commodity production is developed, we should set up 20 marketplaces for the wholesale of agricultural and sideline products and thus double the number of such marketplaces. The number of markets of small industrial commodities of daily use and wholesale exchanges of small commodities should be increased from the current 171 to about 200. We should increase the construction of our fairgrounds. This year, we will invest more than 20 million yuan to build about 60 square meters of fairgrounds. [As heard]

The conference decided this year, we should continue to develop urban and rural individual industrial and commercial firms. We should give a free hand in developing rural individual households that are engaged in carrying goods for sales, transportation, maintenance undertakings, service trades, and other undertakings. We should manage to develop the households that are engaged in what we need and are short of. This year, we plan to set up as a first step 100,000 individual industrial and commercial households, a 25 percent increase over the year before.

Guangdong Vice Governor Comrade Yang Deyuan spoke at the conference. In his speech, he stressed: The minds of the industrial and commercial administrative cadres throughout the province should be adapted to the change brought about by the great development in our rural economy. They

should continue to satisfactorily manage and enliven the market. They should foster in their minds the view of giving their service in promoting the development of commodity production.

This conference of industrial and commercial administration bureau chiefs was held in Guangzhou from 12 to 18 March. Attending the conference were chiefs of the various prefectural, city, and county industrial and commercial administration bureaus and responsible persons of relevant departments, a total of 171 people.

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ECONOMIC MANAGEMENT

ENTERPRISES SUCCEED IN REDUCING DEFICITS

HK270243 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 25 Mar 84

[Text] (Li Tiansheng) and (Lu Jiduan), reporters of this station, learned from the provincial conference on economic work, which opened today, that last year, enterprises in our province made new progress in carrying out all-round consolidation, reducing deficits, and increasing surpluses, and made marked achievements.

According to statistics, the whole province has already completed five items of consolidation work and 2,122 enterprises were checked and accepted as being up to standard. Of them, 546 were industrial and communications enterprises and 1,576 were financial and trade enterprises, accounting for 20.7 percent and 11.7 percent, respectively, of the total number of enterprises which should have been consolidated. In the course of consolidating enterprises, 1,918 industrial and communications enterprises had readjusted and provided leadership groups and accounted for 72.7 percent of the total number of industrial and communications enterprises. Of the 74 enterprises which were included among the large and medium-sized state key projects, 38 had readjusted their leadership groups before the end of last year and had been checked and accepted as being up to standard. This played an active role in improving the quality of enterprises.

Last year, our province also made initial achievements in reducing deficits and increasing surpluses. The number of enterprises which incurred losses was reduced by 143 and the amount of losses was reduced by 45 million yuan. Of the 55 large enterprises which had made pledges to make profits, 17 enterprises overfulfilled the quotas for making profits and submitting profits to the state, which were fixed by the pledges, and 24 enterprises fulfilled or overfulfilled the quotas for submitting profits to the state which were fixed by the pledges. Of the 14 large enterprises which made pledges and which incurred losses, the Guangzhou broadcasting equipment plant, Shaoguan foundry, and Zhaoqing prefectural nitrogenous fertilizer plant reduced deficits and increased surpluses last year. Except for two enterprises which had special circumstances, the other nine enterprises fulfilled the quotas for reducing deficits which were fixed by the pledges.

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ECONOMIC MANAGEMENT

ECONOMIC DEVELOPMENT NEEDS SCIENCE, TECHNOLOGY

HK020144 Beijing JINGJI RIBAO in Chinese 22 Nov 83 p 1

[Editorial: "The Road We Must Take in Revitalizing the Economy"]

[Text] In October last year, Premier Zhao Ziyang clearly pointed out in his speech entitled "A Strategic Issue in Economic Development," that economic development must rely on scientific and technological progress; and science and technology must serve economic construction. This is an important guideline for our modernization program.

In the past year, localities and departments have begun to carry out the guiding principle of relying on technological progress and improving economic results in their economic work, and have done a great deal of work in this regard and have achieved marked results. However, we should also notice that because of the influence of force of habit, quite a few enterprises have not really set up the guideline of relying on scientific and technological progress in their work. Prompting industrial enterprises throughout the country to focus their efforts on the attainment of better economic results and to vigorously promote scientific and technological progress remains a glorious and arduous task for our economic front.

Promoting scientific and technological progress in existing enterprises is, first of all, a need in our efforts to achieve better economic results. At present, our enterprises can be divided into three major categories in terms of their economic results: Enterprises in the first category have formed a benign circle in their operation, which means that their taxable profits increase synchronously with the growth in production or even exceed the growth in production; they account for about 20 to 30 percent or more in the more developed areas. The second category refers to those enterprises which are forming a benign circle and are developing favorably, but the increase in their taxable profits remains lower than the growth in production; these enterprises, in general, account for 40 to 50 percent. The third category are those remaining in a vicious circle. Their taxable profits and production are decreasing and some of them even incur serious losses; this group generally accounts for 20 to 30 percent. The proportion in some areas is even larger. Results of some surveys show that an important reason why the first category of enterprises can achieve good economic results is that they rely on technological progress. In the next few years, the second and third categories of enterprises should first be reorganized and consolidated,

but in the long run, their development must rely on technological progress. We believe that so long as we seriously conduct enterprise consolidation, attach importance to technological progress, and work effectively in this regard, all these enterprises can form a benign circle.

Promoting scientific and technological progress is also a need in our efforts to improve enterprise quality. The work of improving enterprise quality includes many tasks, but the major task is to improve product quality and reduce material consumption. At present, the quality of many products in our country is so poor and the material consumption in their production is so high that the national economy has been seriously and unbearably affected. This has become a major obstacle to our industrial development. Therefore, we must make great efforts to promote scientific and technological progress in order to improve product quality and to reduce material consumption.

At present, we are faced with a serious challenge. In the international markets, competition has become even more intense. In recent years, we have incurred serious losses in our foreign trade. The fundamental reason for this is the poor quality of our products and the low level of our technology. A noticeable fact is that some industrially developed countries have discussed extensively the so-called fourth industrial revolution. It is very likely that the adoption of new technology, such as microelectronic technology, genetic engineering technology, and the development of new materials, will bring about a new leap forward in social productive forces and bring about accordingly some new changes in social life at the turn of the century. We should pay close attention to this development. There are two possibilities: 1) We can make good use of this opportunity and effectively apply new technology and new achievements in scientific research to developing our economy so as to narrow the difference in economy and technology between our country and developed countries; and 2) if we fail to handle things properly or even overlook technological progress, we will lag farther behind the advanced world level. We must treat this matter seriously and should strive to further the first possibility.

The development of domestic and international economic situations has clearly shown that relying on scientific and technological progress is the road we must take in order to revitalize our economy. It is also a matter of importance concerning whether our modernization program will be successful and whether our existing enterprises can continue to exist. So we must never treat it lightly. Economic commissions and economic departments at all levels must take the promotion of scientific and technological progress as a matter of great importance and must concentrate their efforts on it.

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ECONOMIC MANAGEMENT

FUJIAN OFFICIAL ON EXPLOITING SOUTHERN REGION

HK081136 Beijing JINGJI RIBAO in Chinese 30 Nov 83 p 1

[Report by Li Zi [2621 1311], Lin Mingkan [2621 6900 0170] and Gu Deqi [7357 1795 3823]: "Fujian Province To Promote Overall Economic Development, Taking the Xiamen Special Economic Zone as the Center"]

[Text] The Fujian Provincial CPC Committee and people's government have decided to exploit the regional economy in southern Fujian, with the Xiamen Special Economic Zone as the center, so as to promote economic development throughout the province. The provincial government has set up a special organization and started various preparatory work.

With a population of 10 million, the southern Fujian region consists of 19 counties and cities, including Xiamen, Zhangzhou, and Guanzhou. In this region are the Xiamen Special Economic Zone, under construction, the ancient cultural city and commercial port of Guanzhou; and Longxi Prefecture, well known for abounding in subtropical vegetables and fruits. About 3 million Overseas Chinese from this region are now residing abroad. Moreover, the region has a relatively high cultural, scientific, and technological level and has many transport facilities. With the Xiamen Special Economic Zone as the center, it is possible to promote the technological innovation of old enterprises in Xiamen city, economic development in the Xiamen area, and the economic development of the southern Fujian region and the whole province.

Fujian Provincial Governor Hu Ping said that exploiting the regional economy in southern Fujian is a new task, a new strategic measure to change the closed and semiclosed self-supporting economy and to develop socialized and commodity production, and an attempt to break administration zoning and develop the economy according to economic laws. It is necessary to vigorously conduct investigations and research, work out development plans, and selectively establish several new combinations to treat them as a breakthrough in exploiting the regional economy in southern Fujian.

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ECONOMIC MANAGEMENT

RENMIN RIBAO URGES ENTERPRISES TO BE 'STRICT'

HK020312 Beijing RENMIN RIBAO in Chinese 29 Nov 83 p 2

[Commentator's article: "Stress Should Be Laid on the Word 'Strict'"]

[Text] A common failing in many enterprises now is their failure to set strict demands on themselves. Consequently, the emergence of various problems in some enterprises, such as laxity in ideology and discipline; topsy-turvy management; failure to develop output, to improve quality, and to fulfill tax and profit targets; and frequent accidents, has a great bearing on the failure to set strict demands.

With respect to problems in enterprise consolidation, Wuhan city has based itself on the word "strict" and has attained initial results by carrying out investigation and study in a deep-going way, adopting resolute measures, and solving problems one by one. In future, we should set strict demands on enterprises. Only by being strict can we tap potential, attain better results, train talented persons, and assure a bright prospect for the enterprises.

In the past, we stressed the word "strict" in fighting. An army with lax discipline does not have combat effectiveness. "King Zhou of the Shang Dynasty had tens of thousands of ferocious soldiers but they could not match the 3,000 subjects of the State of Zhou." In history, most of the battles in which the few defeated the many were won by those picked troops with strict discipline against disbanded soldiers. As it is in battle, so it is in running enterprises. If we count one by one the big, medium-sized, and small enterprises throughout the country, we will discover that all the enterprises which have been run well have attained their successes by basing themselves on the word "strict" and that those enterprises which have been in a mess have invariably been caused by laxity. A factory director must have a "command ability," which should also include the ability to strictly enforce orders and prohibitions, to live up to one's words, and to set strict demands.

What is referred to as strict is that leading cadres, first of all, should be strict ideologically. If leading cadres are slack ideologically, the masses will be slack by 10 or even 100-fold. In some enterprises with slack discipline,

the leading cadres often have been heard to complain about the masses. As a matter of fact, is this a problem of the masses or a problem of the leading cadres? An old saying has it: There are no poor soldiers under a good general. Conversely, the superior of a "poor soldier" is definitely not a "good general." Take, for example, the historically well-known story of Sun Wu training his troops. If he had not killed the two beloved concubines of King Wu, he would never have succeeded in training a detachment of female soldiers, which was "at the free disposal of the king" and which was "ready to go through fire and water." Sun Wu said: "It is the fault of a general if he fails to make clear the rules and regulations and to explain his orders clearly; it is the fault of the soldiers if they fail to abide by the rules and regulations after understanding them." Evidently, when stressing the need to be strict, Sun Wu included himself and, moreover, put himself in the first place. Did he not look wiser than those leaders who only know how to complain about the laxity of the masses but refuse to criticize themselves!

With respect to the word "strict," some people frequently offer belated advice. They fail to set strict demands at ordinary times and only after the occurrence of some accidents which have caused some losses do they talk about the need to "deal with them seriously," to "take them seriously," and to "mete out severe punishment." Naturally, this is also quite important. With respect to those who fail to abide by the regulations, laws, and discipline and who "fail to abide by the rules and regulations after understanding them," it is naturally necessary to mete out severe punishment and to refrain from merely saying that "this should not be repeated." However, as a leader of an enterprise, one will most likely cause losses to our cause if he does not base himself on the word "strict" but thinks of it only after an accident has occurred. There is also a kind of person who does not set strict demands even after an accident or who is strict in words but not in deeds or who places the laurel of the word "serious" on problems which have not been dealt with seriously. This is all the more undesirable.

Naturally, it is not so easy to run a factory strictly. A man who is used to being sluggish will feel unaccustomed, uncomfortable, and unadaptable when he was required to be keyed up all at once. There will also be people who are dissatisfied when strict demands are set on an enterprise. But this cannot be helped. The revolutionary cause and the four modernizations drive wait for no man. It is calculated that there are still 16 years left for us to accomplish the task of quadrupling the gross value of industrial and agricultural production by the year 2000. How can we accomplish such an urgent and great mission if we fail to run our factories strictly and put the word "strict" in the first place. With respect to those leaders who are used to being sluggish, it is necessary to urge them to be strict at once. If they really fail to adapt themselves, we should ask them to relinquish their seats and replace them with able persons. Naturally, this is also an act of being strict.

CSO: 4006/161

PROVINCE HOLDS MEETING ON LIGHT INDUSTRY

HK021447 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Apr 84

[Text] On 31 March, at the provincial meeting of directors of all No 2 light industry bureaus, (Zhou Qirui), director of the provincial No 2 light industry department, called on all No 2 light industrial enterprises in the province to rapidly upgrade their abilities to meet new changes so as to greet the new technological revolution and take up new challenges in markets at home and abroad.

Comrade (Zhou Qirui) said: The new products and technology accompanied by the new technological revolution will certainly intensify competition in the market. If we fail to upgrade our abilities to meet new changes, we will lag behind.

(Zhou Qirui) said: In future, we must carry out work in three aspects and meet the changes in the market with the change of enterprises.

1. It is necessary to change traditional enterprise management of a productive nature into that of a business operation nature and change the previous method of manufacturing a large amount of unitary products into that of manufacturing a small amount of a variety of products so as to meet the changes in the market. It is necessary to encourage people to contract for collective enterprises and encourage them to make investments and buy shares in enterprises and take profits according to their shares so that all cadres, staff, and workers establish an idea of competing with others and pay attention to production and business operations.

2. It is necessary to change labor-intensive No 2 light industrial enterprises into technology-intensive and knowledge-intensive ones. Not only must equipment be imported, but talented people must also be imported. It is necessary to import professional people from other areas and from Hong Kong and Macao, and overseas Chinese and foreigners to help enterprises resolve problems related to production, technology, and business management.

3. It is necessary to change the product mix of the No 2 light industry and put the stress on developing fine-quality famous brand products and on opening up new fields and new categories.

CSO: 4006/400

BRIEFS

SHANXI PRODUCT QUALITY MEETING--The fourth provincial meeting on product quality, which lasted 4 days, concluded yesterday [28 November]. Governor Wang Senhao attended and spoke at the meeting. (Nie Shoufeng), deputy director of the provincial economic committee and director of the quality control association, made a report entitled: "Strive To Create a New Situation in Quality Work in Our Province." Over the past year, the leadership at various levels and workers and staff members in the industrial and communications fields have earnestly implemented the spirit of the 12th CPC National Congress, focusing on raising economic results, and striving to raise the quality of products, and have achieved good results. According to incomplete statistics, out of the 48 products from provincial industrial and communication enterprises which participated in the national product quality competition, 7 were ranked first, while 20 were ranked from second to fifth place. The ratio of high quality products has grown with each passing year. At the meeting, experiences were exchanged, prizes were awarded to those advanced enterprises, and the directors and engineers of advanced units were promoted. [Summary] [HK300852 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 28 Nov 83]

SICHUAN PLANT WORKERS PRAISED--The Dukou City CPC Committee and government on 10 December held a meeting of cadres at county and regimental level. Li Dongye, minister of metallurgical industry, delivered a report at the meeting. He highly praised the workers and staff members of the Panzhihua iron and steel plant for their contributions to building the plant into an important iron and steel industry base. He also systematically expounded the problem of speeding up construction of Panzhihua, calling on workers and staff members to continue to scale new heights, to strive for the raising of economic results, to carry out comprehensive utilization of mercury and arsenic in Panzhihua, and to continuously expand the scale of construction at the Panzhihua iron and steel base. [Text] [HK120826 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 11 Dec 83]

GUANGZHOU FINANCIAL, ECONOMIC INSPECTION--Guangzhou City has conducted a large-scale, month-long financial and economic discipline inspection. The city has inspected some 1,500 units of industry, construction, communications, and commerce. At present, the city has inspected taxes amounting to 10.5 million yuan, and 2.75 million yuan--which are taxes in areas as of October--has been recovered. Ye Xuanping, a responsible comrade of the city government, and other responsible comrades listened to reports and demanded that the large-scale inspection be conducted in depth. [Summary] [Guangzhou Guangdong Provincial Service in Cantonese 0030 GMT 23 Nov 83 HK]

LOSS-MAKING PRODUCTS--Since the beginning of this year, the provincial party committee has repeatedly issued injunctions calling for efforts to take ending of deficits as a formidable task in economic work. All localities, departments and enterprises have adopted a series of measures for this purpose and have achieved noticeable results. In addition to paying attention to loss-making enterprises, we should, in the future, pay attention to loss-making products of profit-making enterprises. It is a common situation that profit-making enterprises produce loss-making products. The losses are too appalling to be neglected. According to incomplete statistics, the province's 601 large and medium-sized enterprises produced 2,000 kinds of loss-making products in 1982. The losses incurred totaled 170 million yuan, which was 30 million yuan more than the total deficits of the province's money-losing enterprises. In the first 6 months of this year, the losses caused by loss-making products produced by profit-making chemical industrial enterprises of the province were 9.8 million [remaining text mission] [Excerpts] [SK050750 Shenyang LIAONING RIBAO in Chinese 12 Nov 83 p 1]

SHANXI COMMUNE, BRIGADE ENTERPRISES--The Shanxi Provincial Government recently held a conference on commune and brigade enterprises. Wang Kewen, Wang Tingdong, and Bai Qingcai attended the conference and spoke. Governor Wang Senhao listened to the reports and seriously studied some problems in commune and brigade enterprises. The conference demanded that all places fully utilize local resources, gear production to market needs at home and abroad, develop commodity production, reform the system of commune and brigade enterprises, further perfect the responsibility system of commune and brigade enterprises, continue to consolidate enterprises, raise economic results in an all-round way, and develop intellectual resources. [Summary] [HK291456 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 8 Mar 84]

GUANGDONG TRANSFORMS ENTERPRISES--This year, Guangdong Province plans to spend 743 million yuan on the transformation of 297 enterprises. Of the 297 enterprises, 149 will conduct technological transformation, to make 289 products reach world advanced levels this year. This was released by Vice Governor Kuang Ji while he was making a report on economic work at the provincial people's congress standing committee this afternoon. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 19 Mar 84]

CSO: 4006/400

FINANCE AND BANKING

WANG BINGQIAN SPEAKS ON AUDITING SYSTEM

HK310656 Beijing JINGJI RIBAO in Chinese 22 Mar 84 pp 1, 3

["Excerpts" of speech by Wang Bingqian at the national audit work conference: "Establish an Auditing System, Strengthen Supervision Through Auditing"--location, date not given]

[Text] This conference, convened by the auditing administration, is the first national audit work conference. The State Council attaches great importance to this conference, and has held special Standing Committee meetings to listen to the reports and hold discussions. Now, entrusted by the State Council, I wish to express our greetings to the conference, and would like to say a few words about strengthening the audit work.

Achievements Made in Audit Work at the Previous Stage

The constitution adopted by the 5th Session of the 5th NPC in 1982 stipulates that an audit supervision system be established in our country. After a period of preparation work, the auditing administration was formally established in September 1983. A meeting celebrating the establishment was held, and a forum was held and attended by the responsible comrades of the auditing bureaus of various provinces, municipalities, and autonomous regions. From that time on, audit work has been developing on a nationwide scale in line with the requirement of simultaneous organization and operation, which was stipulated by the State Council. For more than one-half year, under the CPC committees and governments at various levels, the auditing organizations have done quite a lot of work and have achieved very good results.

1. Actively organized and built the organizations and train cadres, and initially set up a contingent of auditing personnel. According to statistics, auditing bureaus of various provinces, municipalities, and autonomous regions have basically been established; 1,872 bureaus at prefectural, city, and county levels have been set up, which account for 61 percent of the total that should be established in the country; and in some provinces and cities where the work has been intensively carried out, such as Jilin, Shanxi, and Tianjin, the auditing organs at and above the county level have all been established. At present, there are nearly 10,000 cadres in various auditing organs throughout the country. In the

course of organizing and building the units, various forms have been adopted to train the auditing cadres, and about 3,000 cadres have been trained in the country.

2. Developed the audit work gradually on a trial basis, accumulated working experience, and made contributions to increasing revenue and economizing on spending. Throughout the country, 270 auditing bureaus at and above the county level in 22 provinces, municipalities, and autonomous regions have conducted trial auditing work for more than 1,200 departments and units, and have recovered through auditing a total of over 300 million yuan related to different problems (excluding the amount recovered during the grand financial inspection). Of this total, nearly 200 million yuan falls into the category of violation of financial discipline, and more than 60 million yuan should have been submitted to the financial authorities. This has played a certain role in improving management and operation, enhancing the economic results, and increasing revenue and economizing on spending. At the same time, cadres have been trained, and some experience has been gained.

3. In accordance with the arrangements of the central authorities and the State Council, the audit work has been incorporated into the national financial inspection, and has been operational in auditing a group of cases in which financial discipline was breached. This has played a positive role in rectifying the unhealthy style in the economic field. The auditing administration and 455 auditing bureaus at and above the county level have sent more than 1,000 cadres to participate in the national financial inspection, and they have done a lot of work. At the same time, special audit work and handling have been conducted, as instructed by the upper level authorities, in connection with a group of cases in which financial discipline was violated.

4. On the basis of investigations, studies, and repeated discussions, the "auditing regulations" (draft) have been drafted. In the course of setting up the auditing administration, people were often sent to foreign countries to study audit work, and to take part in international auditing conferences, with the result that much information about foreign conditions and experiences in this respect were gathered. Furthermore, efforts were made to go over and study the auditing materials and experiences in the historical records in our country. It was on this basis that the "auditing regulations" (draft) were studied and drafted.

5. The auditing cadres at various levels have brought into play the spirit of hard work and daring to break new ground. At the initial stage of setting up the auditing organs, the number of working personnel was small, the difficulties were great, and the working conditions were rather poor. However, all the cadres were not afraid of overcoming the difficulties and carrying out practical work, and did a lot of work in a relatively short period. This spirit is very precious, which should be carried on and brought into the fullest play possible.

The above-mentioned achievements in audit work are the results accomplished with the guidance of the central authorities, the State Council, and the party and government leadership at various levels, the active support and coordination of the relevant departments, and the strenuous efforts of all the auditing cadres in their work. Of course, there are some defects and problems in our work, which, however, are unavoidable. It is hoped that all of us can fully affirm our achievements, drive motivation and encouragement therefrom, sum up experiences and lessons, and continue to advance in great strides.

Further Enhance the Understanding of the Audit Work

On many occasions, we have talked about the important significance and function of audit work. Judging from the practical conditions in this period, we feel more and more strongly the importance and urgency of strengthening audit work. This problem can be interpreted from the following:

1. Promote production and construction, and enhance the economic results. The 12th CPC National Congress put forward the requirement that economic work should be shifted to the central task of enhancing economic results, and, while steadily working for more and better economic results, the gross annual value of industrial and agricultural production should be quadrupled. In order to realize this general objective, it is necessary for various fronts, regions, and departments to make concerted efforts. Through audit supervision, problems are discovered and contradictions exposed, which then necessitate serious treatment. In this way, the development of production and construction and the enhancement of economic results will be promoted. All this is one of the important aspects in realizing the general objective. At present, economic results are not satisfactory, an outstanding problem in our economic work. The auditing organs at all levels should concentrate their attention on this key problem when developing their work. In this respect, it is necessary to pay attention: 1) It is necessary to grasp the economic results comprehensively--not only the economic results in the field of production, but also the economic results in the fields of construction, circulation, and nonproduction. All of them are confronted with the problem of spending less money, doing more work, and computing input and output in production. 2) In examining the economic results, it is essential not only to examine the micro-economic results of a specific department or a specific unit, but also to examine the macro-economic results. In this respect, it is necessary to concentrate all the problems of various departments and units, carry out empirical analysis, find out the pertinent problems, and provide the means of solution to the leading organs for their reference in making decisions. Thus, audit work will be able to play a greater role in promoting the coordinated development of the national economy. And 3) it is necessary to have a dialectical understanding of the essence and methods of the audit work. For example, with respect to the content of auditing, there is auditing in terms of economic results, violation of discipline, and financial affairs. It is essential to attach importance to auditing in terms of economic results. But the latter two should be done well so as to

enhance the economic results. Therefore, these areas do not contradict each other. As for the methods of auditing, there is auditing before a specific operation, during the operation, and after the operation. Of course, the auditing before a specific operation can prevent malpractice and mistakes, but experience and lessons can be drawn from the auditing during and after a specific operation so that measures for improvement can be worked out, which will play certain role in auditing before operation in the future. These methods can be combined in actual application, and should not be separated from each other.

2. Strengthen the building of the legal system and uphold financial discipline. In building socialist modernization, it is necessary to carry out scientific management and effective supervision, so as to ensure the implementation of the party's line, principles, and policies. Since the 3d Plenary Session of the 11th CPC Central Committee, the central authorities have consistently emphasized democracy and law, successively promulgated many laws and regulations, and made remarkable achievements. However, it still cannot cope with the development of the situation which, in addition to the not-yet-resolved problems related to party style and unhealthy social trends, has led to certain phenomena of "no laws to be followed," "law not being followed," and "not strict in enforcing the laws." The State Council has organized several financial inspections. On each occasion, an amount of about 4 billion yuan was recovered in connection with violation of discipline, around half of which could be contributed to the increase of revenue. It can be seen that the loss and waste involved are quite serious, which is very detrimental to the building of the four modernizations. In solving problems of this kind, in addition to strengthening the enactment of economic laws, the key is to intensify management and supervision and to enforce the execution of laws. Under these circumstances, it is not sufficient to effect supervision through financial accounting alone, and special auditing organs must be established in accordance with the stipulations of the constitution, so as to carry out audit supervision in a bid to solve these problems better. Through supervision by auditing, defects in economic management can be discovered, which in turn will facilitate the establishment and perfection of the financial and economic laws; and the malpractices in the economic field can be forcefully checked, and the financial discipline can be preserved. Furthermore, if the regular audit supervision is done well, and is complemented with supervision through financial accounting, the number of crash financial inspections can be greatly reduced or even completely done away with.

3. The audit work should be done well so as to meet the requirements of the economic policy of opening to the outside world and enlivening the domestic economy. The practice of opening to the outside world and enlivening the domestic economy is a long-term policy of our party. At present, with regard to the implementation of this policy, no excessive steps have been taken and efforts should be exerted to seek proper ways to enforce it. In order to ensure the implementation of the set principles and policies of the central authorities, and to promote the healthy development of production and construction in a lively and orderly way, it is necessary to set up and strengthen the system of audit supervision, and to

be able to rectify and prevent at any moment decentralism and departmentalism as well as any behavior which is against the integral interests of the country. Furthermore, after the practice of opening to the outside world, the number of economic exchanges with foreign countries and items utilizing foreign capital became greater and greater, which entailed quite a number of different problems. In this respect, it is also essential to carry out the necessary supervision by means of auditing. In addition, the World Bank and the organizations under the United Nations on separate occasions have asked us to conduct auditing and to provide notarization is also needed in joint ventures which are operated with Chinese and foreign capital. All this presents new problems for the auditing organs which should be earnestly studied and solved.

4. It is necessary to exercise power in accordance with the stipulations of the constitution, so as to deal with all the problems in a fair and objective manner. The constitution stipulates: "Under the direction of the premier of the State Council, the auditing body independently exercises its power to supervise through auditing in accordance with the law, and is subject to no interference by any other administrative organ or any public organization or individual." This power of the auditing body entrusted by the constitution is different from the power of management and supervision of other economic and financial departments. It does not directly manage financial affairs, but possesses a detached status, and is in a position to expose the problems in financial and economic activities which other departments are unable to discover or are reluctant to handle, so that things can be conducted in a fair and objective manner. Through the work of the auditing body, defects and problems can also be discovered in terms of financial management and laws and regulations. Facts have proved that auditing can truly play a role which cannot really be performed by other departments in terms of professional supervision.

In short, the implementation of supervision through auditing is a requirement for building the four modernizations, and is a matter of great importance in implementing the constitution. It is absolutely not a thing that can be dispensed with at will. Therefore, in order to strengthen and perfect audit work, it is important that there be a long-term plan, and things should not be done bit by bit or intermittently. Our aim is to establish an auditing system with comprehensive auditing procedures. In addition, the methods and means of auditing should be modernized. In light of the tasks undertaken by the auditing departments, the number of working personnel should not be too small, and should be gradually increased, so that a contingent of cadres compatible with the current situation and tasks can be established. Of course, the realization of all these objectives has to go through a certain process. It is of paramount importance that all our cadres engaged in audit work should take the overall situation into account, establish a high sense of responsibility, do things in a practical manner, fear no difficulties, work hard to break new ground, and shoulder this glorious task.

Several Requirements for Future Audit Work

1. With regard to the arrangements of future audit work, in 1984, it is necessary to use party rectification as a motivating force to pinpoint the key issues, organize our force in a unified manner, grasp several important things well and thoroughly, and achieve positive results. For example, a few provinces can stress enterprises, some provinces capital construction, others can stress administrative undertakings, and still others can stress financial and monetary matters, and then reports should be made for studies. Problems can be discovered by grasping the key issues, and constructive suggestions can then be made so as to serve the work of prominent decision-making. In this way, results will be greater than when things are grasped individually. In addition, the auditing administration should actively organize the work force to develop supervision through auditing activities regarding the financial affairs related to the utilization of foreign capital.

The problems discovered through auditing by the auditing organs at various levels should be strictly and seriously handled. With respect to the handling of important problems, the party's discipline inspection departments should be consulted. Some of the problems treated may be reported in internal circulars, and some should be published in newspapers, so as to publicize the matter and to achieve widespread influence. Of course, the problems should be handled carefully, and no rash work should be done.

In formulating long-term plans for audit work, it is necessary to have a clear guiding ideology, and be familiar with the primary targets. It is essential to progress step by step in a well-planned manner so as to set up a regular system of supervision through auditing.

2. It is necessary to firmly grasp the work of establishing auditing laws and regulations. At present, there are insufficient conditions for formulating the auditing law. Therefore, it is necessary to set up "auditing regulations" as a transitional measure, which will be promulgated for implementation, so that the audit work can have some rules to follow. This is a matter of great importance for laying a good basis for the work. It is also necessary to enact "detailed rules and regulations in implementing the auditing regulations," and other concrete rules in regard to auditing.

3. It is necessary to accomplish the task of organization and building and to firmly grasp the work of training cadres. With regard to the establishment of the auditing bodies, the large provinces, municipalities, cities, and counties should form their establishments based on the maximum limit. All those localities without auditing bodies should set them up within the first half of this year; and all those localities where cadres have not been fully assigned according to established practice should have the stipulated positions basically manned. In assigning auditing cadres, it is necessary to attach importance to quality. In the first place, their political quality should be satisfactory, with emphasis placed on adhering

to principle and seeking truth from facts; at the same time, they should possess a certain knowledge in terms of policy and expertise. Some places are slow in organization and the assignment of cadres, and it is necessary for these places to strengthen leadership and speed up the process. It is understood that the Central Military Commission pays great attention to establishing the auditing bodies in the PLA system, and plans for the establishment have been formulated, and it is hoped that efforts will be made to grasp the work firmly and implement the plans.

Training auditing personnel is a job of laying a foundation. It is necessary that various provinces, municipalities, and autonomous regions should strive to do the work well. In the course of training, it is important to uphold the combination of theory with practice, sum up our experience and learn from the advanced experience of foreign countries. Through training the level of implementing policy and professional competence should be enhanced. There should be a good plan for training cadres. Efforts should be made to give rotational training to all the auditing cadres within 2 years. Auditing specialization should be set up in universities and colleges, so as to promote the development of the audit work and to train specialized personnel who will have a good command of modern auditing knowledge and expertise.

4. Auditing organs within departments and units should be set up as soon as possible. The establishment of internal auditing within departments and units is an important measure to improve management and operation and to enhance economic results, and is also the basis for doing a good job in the state's supervision work through auditing. Therefore, all the relevant departments of the central authorities, especially those key economic departments, should set up auditing bodies as soon as possible. All those administrative departments which practice centralized leadership or which consist of many subordinate units (such as departments of railway, communications, post and telecommunications, coal, hydroelectric power, petroleum, economy and trade, commerce, and geology and mining, as well as monetary units) and all the national entity industrial companies (such as companies in the fields of shipping, petrochemistry, automobiles, and nonferrous metals) must establish auditing bodies at department and bureau levels in the first half of this year; and other departments and large and medium-sized enterprises and undertakings should strive to set up independent auditing offices or appoint independent and full-time auditing personnel within this year. The auditing administration and the Ministry of Labor and Personnel should jointly issue documents with relevant stipulations on this. All provinces, municipalities, and autonomous regions should handle this matter with due reference to the above spirit, and set up, in different periods and groups, internal auditing bodies.

5. It is necessary to modernize audit work step by step. In our country, the targets dealt with through auditing are numerous, and the responsibilities are great. Only when the audit work is modernized can it provide better service to the building of the "four modernizations." It is essential to strengthen the research work related to auditing, sum up China's own

experience, learn from the experience of foreign countries, and strive to find the auditing theory with Chinese characteristics. In addition, active efforts should be made to establish and make use of modern auditing technology, methods, and means, including the use of microelectronics technology, in auditing departments.

6. Serious efforts should be made to strengthen publicity work. Auditing is new work which is unfamiliar to all of us. Consequently, it is necessary to concentrate our efforts on carrying out publicity. Publicity work should be done to reach the leadership of various localities, departments, and units, as well as financial accounting personnel and the broad masses.

7. Local governments at various levels should conscientiously strengthen leadership on audit work, and various departments should provide active support in this respect and help them solve some practical problems. In order to solve the question of providing funds to the auditing bodies, the Ministry of Finance and the auditing administration have jointly issued a relevant notice. Some localities have done quite well in allocating the necessary funds for the establishment and operation of the auditing units, but some provinces have so far failed to solve this problem well, thus affecting the work of transferring cadres to the auditing units and development of the work. The financial departments at various levels should take note of the fact that the auditing bodies are newly established units, which will encounter relatively more difficulties in addition to their own particular problems. Therefore, it is essential to conscientiously solve the question of funds needed by them. With regard to the office houses and the staff dormitories of the auditing bodies, the governments at various levels should help solve the relevant problems. If these problems cannot be solved by adjustment and new houses need to be built, the planning departments are requested to give their support by listing the needed houses in their capital construction plans.

Relevant departments such as finance, taxation, and banking should coordinate their efforts with the auditing bodies in a concerted effort to fulfill the task of supervision through satisfactory auditing.

At present, the political and economic situation is very good, and there are many favorable conditions. We must invigorate our spirit, do hard work to break new ground, dare to practice, and through several years of arduous efforts, gradually establish a whole socialist auditing system with Chinese characteristics, so as to contribute our share to the building of the four modernizations.

CSO: 4006/407

FINANCE AND BANKING

PROGRESS MADE IN PROJECTS USING JAPANESE LOANS

OW280031 Beijing in Japanese to Japan 2130 GMT 26 Mar 84

[Text] The first loans in yen supplied to China by Japan, amounting to 300 billion yen, have been duly put to use in China. According to persons concerned at the Chinese Ministry of Economic Relations with Foreign Countries, more than 58.8 percent of the loans had been put to use as of February this year.

Among these loans, 99.1 billion yen in commodity loans have been used for the Daqing petrochemical project in northeastern China and for the first-phase project of the Baoshan iron and steel complex in Shanghai. The remaining 200.9 billion yen will be used for the second-phase project of constructing coal berths at Qinhuangdao and Shijiusuo, for constructing a new railway between Yanzhou and Shijiusuo and for electrification and double-tracking of the railway between Beijing and Qinhuangdao. Construction of these projects is proceeding smoothly at present.

The coal berths at the Shijiusuo port, one with a capacity of 100,000 tons and the other with a capacity of 25,000 tons, and the 300-kilometer railway between Yanzhou and Shijiusuo are scheduled to be completed by the end of 1985. The second-phase project for constructing two coal berths at the Qinhuangdao port, each with a capacity of 50,000 tons, is expected to be completed by the end of this year.

Meanwhile, the project for double-tracking the 300-kilometer railway between Beijing and Qinhuangdao has already been completed and the project for electrification of the line is now being carried out at high speed. It is expected that transporting of coal will begin in 1985 and the whole project will be completed by the end of 1986.

CSO: 4105/179

FINANCE AND BANKING

BRIEFS

SHANXI KEY PROJECT FUNDS--By the end of October, Shanxi Province had collected 129.07 million yuan for supporting the state's energy and communications key projects, overfulfilling the state-assigned plan by 14.73 percent. [Excerpt] [Taiyuan SHANXI RIBAO in Chinese 9 Nov 83 p 1 SK]

SHANXI FINANCIAL REVENUE--By the end of October, Shanxi Province had fulfilled 89.29 percent of the annual financial revenue budgetary plan, an increase of 15 percent over the corresponding 1982 period. It also fulfilled 90.87 percent of the annual enterprise revenue plan, up 20.7 percent over the corresponding 1982 period; 85.36 percent of the annual industrial and commercial and commercial income tax revenue plan, up 45.5 percent. In addition, the amount of deficits incurred by enterprises dropped from 1982's 68.31 million yuan to 29.42 million yuan. Some 24 counties and districts across the province prefulfilled their annual financial revenue plans. [Excerpts] [Taiyuan SHANXI RIBAO in Chinese 10 Nov 83 p 1 SK]

LOANS FROM JAPAN--According to the Bank of China, Japan has provided a total of \$3.5 billion in loans to China over the past 5 years, thus becoming China's largest creditor. The total includes a \$1.9 billion loan from the Export-Import Bank of Japan for China's energy development and \$1.2 billion in loans from Japan's Overseas Economic Cooperation Fund for two port construction projects, one hydroelectric power plant project, and railway construction in China. In addition, the Japanese Government has provided Y300 billion in yen credits to China. Currently, 48 Japanese banks have business ties with China, and 20 of them have offices in Beijing, Shanghai, Guangzhou, Shenzhen, and other cities. [Summary] [OW070548 Beijing in Japanese to Japan 0930 GMT 5 Apr 84]

FOREIGN BANKERS VISIT SHANXI--from 25 to 31 March, 22 banks from 7 countries and regions sent personnel to Shanxi Province to hold talks with the Taiyuan branch of the Bank of China on business. Chinese and foreign bank personnel discussed the ways and forms of utilizing foreign credits. Foreign banks declared that they would be willing to cooperate for a long time with the province. [Summary] [HK090602 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 1 Apr 84]

CSO: 4006/423

INDUSTRY

BAOSHAN STEEL COMPLEX MAKES PROGRESS

OW261454 Beijing XINHUA in English 1439 GMT 26 Mar 84

[Text] Shanghai, 26 Mar (XINHUA)--China's largest blast furnace, 4,063 cubic meters in volume, will be officially put into operation at the Baoshan iron and steel complex, in September next year, Metallurgy Minister Li Dongye announced Saturday.

The No 1 blast furnace, a key project in the first-phase construction of the Baoshan complex, can produce more than 10,000 tons of pig iron daily. Its auxiliary equipment has been on test run since last August.

The Baoshan iron and steel complex is China's largest, with an annual production of over six million tons of pig iron and over six million tons of steel. The first phase of construction including 22 major projects was started in 1978 and is scheduled to finish next September.

Now a 10,000-ton wharf for the supply of raw material has been completed. A power plant with two 350,000-kilowatt generating units and a 220,000-volt high tension power transmission line have gone into operation.

The main building to house a sintering plant with an annual capacity of five million tons of sintered ore is almost finished, and the major equipment for the plant has been installed.

Three 300-ton steel converters have been installed, two being on test operation. A blooming mill to handle three million tons of steel ingots annually is also on test run.

The construction of the auxiliary facilities such as highways, railways, telecommunications installations and residential quarters are all on schedule.

CSO: 4020/93

INDUSTRY

BRIEFS

TIANJIN TOWNSHIP ENTERPRISES--By the end of 1983, Tianjin Municipality had 4,800 township- and town-run enterprises with 420,000 total employees, accounting for 26 percent of all rural workers. Total income of these enterprises reached 1.56 billion yuan, instituting 60 percent of the total in rural areas. [Summary] [Tianjin City Service in Mandarin 0030 GMT 30 Mar 84]

NEI MONGGOL ENTERPRISES' ACHIEVEMENTS--The township- and town-run enterprises of the autonomous region played a good role in increasing the regional incomes in 1983. Their gross income reached 533.93 million yuan, around 20 percent of the region's total agricultural and animal husbandry incomes. From 1979 to 1983, their income increased by 6.7 percent on an annual average. They paid 91.65 million yuan of taxes to the state, which is 2.1 times the funds appropriated by the state for supporting these enterprises in this period. [Excerpts] [SK300748 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Mar 84]

HAINAN INDUSTRY, TRANSPORTATION OUTPUT--On the basis of large-scale increases on the district's industrial and transportation fronts last year, the gross output value of the district's industry and transportation has continued to increase in the first 2 months of this year. According to statistics, in the first 2 months of this year, the district has achieved over 177.82 million yuan of gross industrial output value, an increase of 26.63 percent when compared with the same period last year. A city and 18 counties and towns throughout the district have achieved increases. The characteristics of the district's industrial and transportation production are: first, production volume of major industrial products has increased on a large scale; second, profits of enterprises have been increased considerably; third, the transportation and communication situation is good; and fourth, the 21 key construction projects are proceeding smoothly. [Summary] [HK271345 Haikou Hainan Island Service in Mandarin 0330 GMT 15 Mar 84]

HENAN TOWNSHIP ENTERPRISES PROGRESS--The province's township and town enterprises made rapid progress in 1983. The total output value of the province's township and town enterprises amounted to 4.6 billion yuan, an increase of 18.4 percent as compared with the preceding year. The profits made and taxes paid increased by 15.9 percent and 20.2 percent

respectively as compared with the preceding year. There were 11 counties in which the total annual output value of township and town enterprises exceeded over 100 million yuan. [Summary] [HK271037 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 16 Mar 84]

HENAN INDUSTRIAL PRODUCTION, PROFITS--By the end of February, the total industrial output value of the province amounted to 3.7 billion yuan, an increase of 10.4 percent as compared with the same period last year. The profits made by enterprises covered by the state budget increased by 59 percent as compared with the same period last year and the profit tax submitted to the state increased by 198 percent. The province has also made remarkable achievements in reducing losses suffered by some enterprises. From January to February, only 14.6 percent of industrial enterprises covered by the state budget suffered losses and the total losses suffered by these enterprises was reduced by 18 million yuan, or 55 percent, as compared with the same period last year. [Summary] [HK271037 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 16 Mar 84]

SHANXI CEMENT PLANT EXPANSION--In order to suit the needs of state construction, the state has appropriated 10 million yuan for technical transformation at five local cement plants in Shanxi Province. The Shanxi Provincial Building Materials Bureau and relevant prefectural and city building materials departments have organized personnel to conduct feasibility studies and have decided to carry out technical transformation in five local cement plants in Jincheng, Xiyang, and Huguan counties, Yangquan city and Yanbei Prefecture. After completion of technical transformation, the production capacity of these plants will increase from the present 185,000 tons to 383,000 tons. Some 100,000 tons of cement will be transferred to the state for unified distribution annually. [Excerpts] [SK080122 Taiyuan SHANXI RIBAO in Chinese 8 Nov 83 p 1 SK]

NEI MONGGOL MACHINERY INDUSTRY--Nei Monggol Region's machinery industrial enterprises have seen a stable increase in production and a remarkable rise in various major economic targets and have thoroughly reversed several years of deficits. By end of October, the 108 state-run machinery industrial enterprises across the region scored a 68-percent increase in total industrial output value over the corresponding 1982 period, and netted a total of 7.93 million yuan profits. Since the beginning of the year, 26 enterprises have headed deficits, a reduction of 39 percent from the 1982 figure. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Nov 83 SK]

CSO: 4006/161

CONSTRUCTION

SHANGHAI MAYOR DESCRIBES NEW URBAN PROJECTS

OW260732 Beijing XINHUA in English 1858 GMT 25 Mar 84

[Text] Shanghai, 25 Mar (XINHUA)--Wang Daohan, the mayor of Shanghai, told 898 deputies at the second session of the 8th Shanghai People's Congress that the municipal government would start to work at 15 projects for the urban residents.

Due to the crowdedness and heavy traffic in the city proper of Shanghai, expansion of residential quarters and building flyovers would be the two projects of top priority. Wang Daohan said four million square meters of floor space of residential quarters would be built this year. Five bridges over highways and five railways bridges would be built. The completion of these 10 flyovers this year would improve the city's traffic, he added.

Five of the 15 projects are related to the improvement of people's food, water and gas. He also promised better and more stable supplies of vegetables, milk and fresh water fishes.

One-third of the projects are involved in culture, education and public health. The government decided to add 1,000 hospital beds, one more stereophony FM radio and another TV channel, Wang said. While expanding three parks this year, the government decided to build three cinemas, a cultural center, three parks and a childcare center.

The rest of the projects promised by the mayor are to increase 100,000 kilovolt-ampere of electricity, a factory to dispose 75,000 tons of polluted water daily.

Wang also noted that they should quicken construction of the high rise buildings with more foreign funds and technology.

With the development of economy and tourism, about 10 high- and medium-grade hotels would be built, he added.

CSO: 4020/93

CONSTRUCTION

PROGRESS OF KEY PROJECTS 'RELATIVELY SMOOTH'

HK081035 Beijing JINGJI RIBAO in Chinese 3 Dec 83 p 1

[Report: "Construction of 70 National Level Key Projects in Smooth Progress"-- passages within slantlines published in boldface]

[Text] The State Planning Commission recently made the second inspection of the 70 national level key projects and held that the progress of construction was relatively smooth. From January to September, the 70 key projects had already fulfilled 67 percent of the annual investment plan, which was higher than the average national level of 62 percent.

After the first inspection, made in April, the various departments and localities carried out a great deal of work and achieved remarkable results.

/Leadership over key projects is strengthened./ At present, the coal industry and electricity, communications, railway, and 11 other departments have already set up leading groups for key projects. The departments of light industry, petroleum, building materials, and so on are also preparing to set up leading groups. All the departments have appointed responsible persons to the key projects and have established the responsibility system from the top to the lower levels. The Ministry of Coal Industry has set up commanding organs for key projects and has established the system of making inspections so as to lay stress on solving problems on the spot. As Shanxi, Shandong, Anhui, Beijing, Nei Monggol, and other provinces, municipalities, and autonomous regions shoulder arduous tasks in building key projects, they have set up leading groups for assisting the key projects.

/The leading groups are further readjusted./ Of the 70 key projects, the leading groups of 60 key projects have already been readjusted according to the four requirements for cadres. Most of the readjusted leading groups suit the needs of construction tasks. The members of the new leading body of the Shanxi aluminium plant have set examples, gone down to worksites, promptly solved problems, and swiftly opened up a new phase in construction.

/The materials in short supply are regulated./ The departments of goods and materials, metallurgy, machine-building, and so on have done their utmost to provide the key projects with materials in short supply. The State Goods and

Materials Bureau held two separate meetings for regulating the supply of materials to key projects and solved the problem of supplying over 40,000 tons of steel products, 50,000 cubic meters of timber, and 180,000 tons of cement. Now, this bureau has signed contracts with 14 key projects on ensuring the supply of goods and materials.

/The activities of checking extravagance, plugging up loopholes, improving management, and saving investment are carried out./ The metallurgy, water conservancy and power, textile, posts and telecommunications, and 10 other departments submitted an inspection report concerning 27 items that exceeded budgetary estimates. Of these 27 items, 5 are key projects. Meanwhile the State Planning Commission conducted direct investigation on the projects that exceeded the budgetary estimates, such as the Liuzhou cement plant, the Beijing chemical plant, the Wuhan coaxial cable project, the Beijing-Hangzhou Canal, and so on. Eight mines of the Ministry of Coal Industry carried out activities of stopping up loopholes. With the help of the investigation team of the State Council, the Huolinhe mine discovered the loss of over 5 million yuan caused by extravagance. Consequently, the workers handed over more than 5,000 pieces of public property, valued at approximately 350,000 yuan.

/Cooperation and management work is strengthened./ Since the beginning of this year, the State Planning Commission has respectively held 58 separate meetings with various departments on cooperation and management work, which helped the Shanghai Baoshan iron and steel plant, the Jiangxi copper base, and the Daqing ethylene project in solving their problems in construction. The State Planning Commission also made special arrangements for the power needed by the key projects which were put into production this year.

In the current general inspection, the State Planning Commission held that there still exist some problems in the construction of key projects. For example, 30 of the 70 key projects lacked auxiliary facilities. In order to connect the Dafu Railroad of Yanzhou mine with the Han-Shi railroad, four additional tracks were needed, but the construction of this project is not arranged yet.

After listening to the inspection report on the 70 key projects, the responsible person of the State Planning Commission pointed out: The capital construction of all projects, particularly that of the state key projects, must be carried out according to regular procedures. The construction of projects must be appropriately organized according to schedule and the method of quickening progress by increasing investment must be avoided. Where conditions permit, the departments and localities must try to make their capital construction bodies specialized. Beginning from 1984, the key projects must further carry out activities of checking extravagance, popularize the experience of contracting investments, strive to cut down the cost of projects, shorten the period of construction, and achieve better investment results.

CONSTRUCTION

RAILWAY MEETING VIEWS CONSTRUCTION PROBLEMS

HK231434 Beijing WENZHAI BAO in Chinese No 110, 11 Nov 83 p 2

[Report on article in JINGJI CANKAO [ECONOMIC REFERENCE]: "Why Is Railroad Construction Still Engaged in 'Doing Three Things Simultaneously'?"]

[Text] From the capital construction work meeting recently held by the Ministry of Railways, reporter Yang Futian [2799 4395 3944] has learned that scores of railroad construction projects in China, including the nine key projects determined by the state, at present are still engaged in "doing three things simultaneously" (prospecting, planning, and construction), and battling in confusion.

"Doing three things simultaneously" is a major drawback in capital construction, and it is the main reason for high costs, poor quality, and long completion time in construction. There are three main reasons giving rise to "doing three things simultaneously" in railroad construction.

The first, and also the most important reason, is the lack of long-term planning for the construction of a nationwide railroad network. Without a network plan, there is a great deal of blindness in the work of prospecting and planning departments. Often before the planned projects can be lined up, unplanned projects suddenly crop up, and once they have cropped up, they are extremely urgent.

The second reason is plans are not enforced. Some projects are suddenly started or stopped, work is interrupted, and manpower as well as material and financial resources are wasted. The demand to complete the Beijing-Qinhuangdao line one-half year ahead of schedule has increased construction costs by 30 million yuan in overtime pay, and the completion of the Xintai-Heze line a year ahead of schedule requires an additional 45 million yuan in investment.

The third reason is investigations of resources are not thorough, and this has given rise to faults in policy making. Due to faults in policy of making the project for changing an 87-km-long section from Xugezhuang to Tuozeitou on the

Beijing-Shanhaiguan line wasted more than 200 million yuan in investment, and became a semicurtailed project. The Huolinhe coal mine, which originally claimed an estimated output of 40 million tons of coal a year, called for the immediate construction of a 420-km private railroad. Later, the estimates of annual coal output were readjusted lower and lower, and work on the railroad was on and off. Railway corps personnel were transferred back and forth; the enforced idleness due to poor organization alone wasted over 70 million yuan. Consequently, the more than 400-km-long railroad took 7 to 8 years to build at a cost of 600 to 700 million yuan in investment. At present, the railroad has been completed, but coal output is still not high.

CSO: 4006/161

CONSTRUCTION

BRIEFS

NEI MONGGOL CONSTRUCTION ENTERPRISES--The ranks of collective construction enterprises are growing steadily in Nei Monggol Region. The number of collective construction enterprises in the region has reached 434, employing 86,000. Since 1980, these enterprises have completed construction and installation projects worth 340 million yuan, covering a total area of 5.39 million square meters. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 22 Mar 84]

NEI MONGGOL URBAN CONSTRUCTION--The Nei Monggol Autonomous Region has made new progress in urban and rural construction. Since 1983, more than 56.3 million yuan have been invested in urban construction, housing construction, and housing repair, an increase of 32.5 percent over the previous year. Housing completed since 1983 has totalled 1.4 million square meters, providing new houses for 190,000 people. Among the 79 counties, banners, cities, and towns across the region, 56 have built water-supply installations which can provide tap water for 250,000 residents. Now more than 14,000 villages have completed their construction designs. The urban and rural planning across the region is expected to be completed in 1984-1985. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 27 Mar 84]

NEI MONGGOL CONSTRUCTION PROJECTS--According to the figures released at the Nei Monggol Regional conference on capital construction and urban and rural construction which ended on 26 March, since 1983 six large and medium-sized construction projects have been completed in the region with the state investment and have gone into full or partial operation. These projects have added power-generating capacity of 100,000 kilowatts, lengthened the transformer line by 118 kilometers, added transformer equipment capacity of 31,500 kilovolt-amperes, and increased the coal production capacity by 1.8 million tons, the woolen strip production capacity by 1,200 tons and the timber felling capacity by 90,000 cubic meters. Meanwhile, some 51.6 kilometers of multiple-track railways have been put into service. In addition, 17 state-built large and medium-sized projects will be completed in the region this year. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 27 Mar 84]

HEILONGJIANG CONSTRUCTION PROJECTS--In 1983, Heilongjiang Province completed and put into operation 14 large and medium-sized construction projects involving an investment of 1,435,460,000 yuan. In terms of production

capacity, these projects will produce 568.8 million yuan of output value and increase 233.45 million yuan of accumulated funds, annually. The five energy and communications projects completed in 1983 will yield 390.94 million yuan of output value and increase 208.03 million yuan of accumulated funds. These projects will bring an additional 3.05 million tons of crude oil, 225,000 KW of power capacity, 330,000 tons of raw coal, and increase 48 KM of railway lines. The four completed light and chemical projects will produce 149.8 million yuan of output value and increase 18.78 million yuan of accumulated funds. These projects will increase 120,000 tons of chemical fertilizer, 120,000 tons of light hydrocarbon, 50,000 spindles of medium and long fiber, 14,000 tons of sugar, and 34,000 tons of newsprint. The five completed forestry and metallurgical industry projects will yield 22.66 million yuan of output value and increase 8.44 million yuan of accumulated funds. These projects will increase the log output by 234,000 cubic meters, and gold output by 15,000 liang. [Summary] [Harbin HEILONGJIANG RIBAO in Chinese 15 Mar 84 p 1]

SHANXI LEADER STRESSES KEY CONSTRUCTION WORK--A Shanxi provincial forum on key construction projects concluded on 30 March after 5 days in session. Provincial CPC Committee Deputy Secretary and Governor Wang Senhao spoke at the meeting. He pointed out: Shanxi is an energy and heavy and chemical industry base designated by the central authorities. This year the state will invest in 15 key projects in the province, compared with 7 last year, and total investment will exceed 13 billion yuan. Making a success of these key projects is of major strategic significance not only for developing Shanxi's economy but also for promoting the economy of the whole country. Comrade Wang Senhao stressed: At present we must further enhance our understanding and unify our thinking. We must mobilize and organize all sectors and departments to ensure the progress of the key state construction projects. If problems arise in any unit, the leadership of that unit will bear responsibility. No unit or individual may extort charges from or cause difficulties for key construction projects under any pretext or in any form. It is forbidden to engage in any activities that hamper key construction work. [Excerpts] [HK310352 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 30 Mar 84]

GUANGDONG DEEP-WATER PORT--Guangzhou, 31 Mar (XINHUA)--Zhuhai Special Economic Zone in Guangdong Province, the Nanhai Oilfield Joint Service Corporation, and Jiahao [0163 6175] Company, Ltd. in Hong Kong signed a contract recently for the construction of Jiuzhou Port into a deep-water port. Jiuzhou Port is located in Zhuhai Special Economic Zone and, after completion of the construction project, will have a cargo handling capacity of 2.4 million metric tons annually and will be able to provide supporting service to a dozen oil-drilling platforms operating off shore. According to the contract, the total investment in the amount of \$65 million will be provided by Jiahao Company, while the Nanhai Oilfield Joint Service Corporation will be responsible for the operation of the port. [Summary] [OW030207 Beijing XINHUA Domestic Service in Chinese 0147 GMT 31 Mar 84]

DOMESTIC TRADE

BRIEFS

SHANGHAI RETAIL, SERVICE TRADES--Shanghai, 27 Mar (XINHUA)--Cooperative retail and service trades are booming in China's densely-populated Shanghai Municipality, supplementing services of state and collective undertakings. Shanghai has over the past 4 years set up more than 3,000 cooperatives in some 70 trades and services. They employed 62,000 people, including 50,000 middle school graduates who could not find jobs in state-owned enterprises. These cooperative undertakings are mostly in the commercial and service trades, of which 2,000 are spreading in the back streets and small lanes in the city proper. They include eateries, hostels and repair centers. Most of them open longer hours than state shops and some even offer round-the-clock service. It has been estimated that more than 200,000 people eat in cooperative eateries every day. The city has also set up 112 transport cooperatives to undertake packaging, consignment shipping and loading and unloading. Nine taxi cooperatives offer round-the-clock service. There are also cooperatives for delivering newspapers and doing processing for bigger factories. The service fees collected by the cooperatives over the past 4 years amounted to 403 million yuan. The average per capita monthly income has increased to 59 yuan in 1983. [Text] [OW272037 Beijing XINHUA in English 1452 GMT 27 Mar 84]

GUANGDONG NATIONAL ADVERTISEMENT CONFERENCE--The national conference of provincial, municipal, and autonomous regional broadcasting stations on cooperation in advertisements opened in Guangzhou, Guangdong Province, today. Some 60 representatives of all provincial, municipal, and autonomous regional broadcasting stations and of relevant departments are attending the conference. (Zhang Yueqiang), deputy director of the propaganda department of the Guangdong Provincial CPC Committee; Cai Hui, director of the Guangdong Provincial Broadcasting and Television Department; and (Chen Ke), director of the Guangdong People's Broadcasting Station, are also attending the conference. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 20 Mar 84]

CSO: 4006/407

FOREIGN TRADE

QINGHAI HOLDS MEETING ON EXPORT TRADE WORK

HK041332 Xining Qinghai Provincial Service in Mandarin 1100 GMT 3 Apr 84

[Text] The provincial meeting on foreign trade work lasted 6 days and concluded in Xining on 27 March. The meeting held discussions on raising economic results in foreign trade, and measures were discussed for improving the work, and implementing the provincial plan for foreign economy and trade.

The meeting participants said that in recent years, the province's foreign trade has made considerable development, however, the economic results in foreign trade are not ideal enough. They suggested that it is necessary to further improve the qualities of traditional export commodities of the province, such as broadbeans, cattle, and some industrial products. In the area of broadbeans, efforts should [have] been made in planting and selection. Regarding cattle, it is necessary to adopt scientific grazing methods. Regarding industrial products, it is necessary to transform technological skill and to improve packing in accordance with the needs of the world market. There are 67 varieties of commodities for export in the provincial plan this year. Preserved vegetables, garments, toothpaste, gloves, and loudspeakers are among the nine new varieties of commodities for export.

The meeting studied the question of how to work in close coordination with foreign trade and industry, agriculture, and the import of technology, and how to make genuine achievements in the linking and meeting of production and sales. The delegates also held discussions on the question of how to quickly, steadily, and properly make use of foreign funds so as to step up the four modernizations in the province.

During the meeting, Governor Hunag Jingbo, and (Liu Shulin), an adviser to the provincial government, attended and spoke.

CSO: 4006/423

FOREIGN TRADE

RENMIN RIBAO ON CHINA TRADE EXHIBITIONS IN U.S.

HK230850 Beijing RENMIN RIBAO in Chinese 21 Mar 84 p 6

[Report: "Five American Cities Hold Exhibitions to Mark Bicentenary of U.S.-Chinese Trade Ties"]

[Text] New York, Washington, Philadelphia, Baltimore, and Milton, five cities in the United States, have successively held eight exhibitions to mark the bicentenary of the establishment of the trade between the United States and China.

On 22 February 1784 a U.S. freighter named the "Empress of China" departed New York with a full load of ginseng, fur, and cotton. It sailed round the Cape of Good Hope and, after an arduous voyage which lasted 1/2 a year, arrived at Guangzhou on 28 August. In May, the next year, laden with Chinese tea, silk, procelain, and various handicrafts, the freighter returned to New York from Guangzhou. After that, direct trade and cultural intercourse between China and the United States started. On 22 February, this year, 14 friendly U.S. organizations jointly held a ceremonious and joyous ceremony to mark this historically important occasion. At the same time, they also held a "New York-China Trade" Exhibition in New York's Natural History Museum.

According to the reports in the American press, since the day it was opened, the exhibition has attracted thousands upon thousands of people. They viewed with interest the elegant works of art first imported from China 200 years ago. Among the 350 exhibits there were many procelain pieces produced in Guangdong, one of which was a big bowl with the picture of the "USS Empress of China" carved on it. In addition, there were carved silver pieces, carved lacquerwares, ivory and stone carvings, documents concerning maritime trade, log books and diaries, souvenirs marking the voyage, paintings, and the pictures of those pioneers who had initiated the trade with China.

According to the records, the "Empress of China" had brought back to the United States 50 tons of porcelain tea sets produced in Guangdong. On several of the tea sets were painted emblems of the Society of the Cincinnati, and organization founded during the American War of Independence. George Washington, the first president of the United States, bought one set of 320 pieces at \$150. Some remaining saucers and cups are now being preserved in Washington's former residence. Dr Ken de er [5146 1795 1422], who was in charge of the "New York-China Trade" Exhibition, said: "China has a history of 4,000 years. Yet the United States did not trade with China until very late. However, the United States quickly made up for lost time. By 1970, the 6th year after the United

States began its trade with China, the volume of the trade between the United States and Guangdong was second only to that between Guangdong and Britain."

The exhibitions that have been staged or will soon be staged in the United States include: two special exhibitions on China's export porcelain wares staged in New York by the "Society for Chinese Studies"; the "Philadelphia and China Trade" Exhibition staged by the Philadelphia Museum; the display of the pictures of the principal participants in Sino-U.S. trade organized by the "Kings and Emperors Portrait Gallery" in Washington; the two exhibitions on China trade staged in Milton and other parts of Massachusetts; and the "Silk Road--Chinese Junk" exhibition staged in Baltimore and other cities. These exhibitions will continue into next fall. They will have positive effects on improving the American people's understanding of China and on the promotion of the economic and cultural interchanges between the United States and China.

CSO: 4006/423

FOREIGN TRADE

GUANGDONG INVESTMENT PROMOTION MEETING OPENS

HK250522 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Mar 84

[Text] The Guangdong Provincial Investment Promotion Meeting opened in the Guangzhou Foreign Trade Center this morning. Over 800 Chinese and foreign guests attended the opening ceremony.

Governor Liang Lingguang delivered the opening speech. He warmly welcomed the guests on behalf of the provincial government. He said: Guangdong has practiced special policies and flexible measures in external economic activities in the past few years and has imported some advanced technology, equipment, and scientific management experiences. These have stimulated the readjustment of the province's national economy and the technical transformation of enterprises. The foreign businessmen cooperating with the province have also benefited.

The aim of the province in holding this investment promotion meeting is to better implement the policy of opening up to the world, and further develop the province's economic and technical countries with the countries of the world and with the Hong Kong and Macao regions.

Foreign businessmen were extremely enthusiastic in applying to take part in this investment promotion meeting. Over 500 sent in applications. The meeting this morning was attended by over 250 businessmen from the United States, Japan, Britain, France, West Germany, Belgium, Hong Kong, and Macao.

During this meeting, apart from the 102 cooperation projects already announced, over 100 reserve projects will be offered to foreign businessmen for selection. Talks on cooperation projects will get underway in the afternoon.

CSO: 4006/423

FOREIGN TRADE

GUANGDONG FOREIGN INVESTMENT PROMOTION MEETING

Meeting Opens

OW251055 Beijing XINHUA in English 0822 GMT 25 Mar 84

[Text] Guangzhou, 25 March (XINHUA)--A meeting for promoting foreign investment in Guangdong Province opened at the Foreign Trade Center here this morning.

More than 250 people of industrial, business, and financial circles from a dozen countries and regions attended the opening ceremony, together with commercial officials from the embassies of the United States, Japan, Yugoslavia and Finland in Beijing.

Representatives of state council departments and leading members and negotiators from various parts of Guangdong Province, totalling 500, also attended.

Liang Lingguang, governor of Guangdong Province, said in his opening address that the meeting was aimed at further implementing the open policy and expanding Guangdong Province's economic and technical cooperation with foreign countries and with the Hong Kong and Macao regions.

The 102 projects offered for discussion at the meeting may take the form of joint ventures, cooperative management, compensation trade, loans, and leasing. Some projects may be undertaken solely by foreign firms or firms in Hong Kong and Macao.

The projects offered at the meeting do not include those in special economic zones.

The meeting is scheduled to last for a week.

Open Door Policy

OW251058 Beijing XINHUA in English 0904 GMT 25 Mar 84

[Text] Guangzhou, 25 March (XINHUA)--"We will continue the open policy and keep the door of Guangdong open instead of closing it," Ye Chenghai, chairman of the Foreign Economic Work Committee of Guangdong Province, said here today.

He told the opening ceremony of an investment promotion meeting here this morning that the province will go a step further in pursuing the open policy and create more favorable investment climate and implement to the full the principle of equality and mutual benefit.

He said that the province welcomed all foreign firms and firms in Hong Kong and Macao to run factories or invest in the province, especially in the fields of agriculture, energy, communications, science and technology and education, and in the electronics, light and textile, chemical and building materials industries.

We will see to it that overseas investors stand a good chance to gain and their legitimate rights and interests are protected by the law, he said.

Ye Chenghai told the more than 250 representatives of foreign firms and firms in Hong Kong and Macao participating in the meeting that Guangdong signed more than 32,000 contracts with 17 countries and regions between 1979 and 1983, involving a total investment of 4.64 billion U.S. dollars in foreign investment.

In 1983 alone, he said, the province signed 10,800 contracts, including 78 joint venture contracts, involving a total investment of 310 million U.S. dollars. More than 20 large projects were completed and put into operation.

Cooperation projects, he continued, has expanded to energy, communications, posts and telecommunications, agriculture, industry, science and technology, culture and education, public health, tourism and service trade. The province has so far imported more than 300,000 pieces of equipment valued at 540 million U.S. dollars.

He attributed the achievements to the friendly cooperation on the part of business people from Hong Kong and Macao and foreign countries as well as overseas Chinese.

The investment promotion meeting is scheduled to last for a week.

Foreign Investors Sign Up

OW281925 Beijing XINHUA in English 1457 GMT 28 Mar 84

[Text] Guangzhou, 28 March (XINHUA)--One contract, 12 agreements and 27 letters of intent have been signed at the Guangdong Investment Promotion Meeting in the past 3 days since it opened on 25 March.

More than 400 representatives of foreign and Hong Kong and Macao firms have come to the 7-day meeting to discuss 102 cooperative projects offered by Guangdong Province.

A compensation trade contract between the Fengzhou Eel Breeding Farm of Raoping County, and the Kwok Fung Trading Co of Hong Kong was signed not long after the meeting opened. The contract involved an investment of 5 million Hong Kong dollars. This will be repaid over a 5-year period by furnishing the Hong Kong company with 290 tons of live Japanese eels.

An agreement on a joint venture producing electronic products including quartz clocks, sound-controlled toy cars, automobile alarms and automatic telephone sets was signed between the Songgang No 2 Electronic Technology Factory in Bao'an County and a Hong Kong firm yesterday and approved by the Guangdong Provincial Foreign Economic Commission in the afternoon. The joint venture will require an investment of 6 million Hong Kong dollars and operate for a period of 10 years.

A compensation trade agreement between the Guangzhou Pharmaceutical Packaging Material Factory and Capsule Technology International, Limited, of Canada was one of the 12 agreements signed over the past 3 days. The project involved 2.8 million U.S. dollars in seller's credit to be provided by the Canadian company, which will be used by the Guangzhou factory to import a drug capsule production line with an annual capacity of 1.2 million capsules.

Twenty-seven letters of intent have been signed, covering such fields as production of mats from coconut fibers on Hainan Island, electronics, harbor construction and building and expansion of cotton and paper mills.

More than 72 of the 102 projects proposed have been discussed.

Negotiations on another joint venture for the production of high grade polyester thread for sewing machines have been concluded and the agreement is expected to be signed tomorrow.

Guangdong Province signed 10,800 contracts last year, including 78 for joint ventures. They involved a total investment of 310 million U.S. dollars.

Guangdong Reception for Investors

OW291927 Beijing XINHUA in English 1610 GMT 29 Mar 84

[Text] Guangzhou, 29 March (XINHUA)--The Guangdong Provincial Government today held a reception for Chinese and foreign business people attending an investment promotion meeting now in session here.

Thirty-five agreements and contracts have been signed so far, a meeting spokesman said. Among them were 15 cooperative management and joint venture contracts involving 43.15 million U.S. dollars in overseas investment and 12 compensation trade deals worth 9.66 million U.S. dollars, he added.

"Eight contracts on imports of technology and equipment have also been concluded, along with 40 letters of intent," he said. Another 23 agreements are expected to be finalized.

"Negotiations have been held for all the 102 projects proposed during the 7-day meeting," the spokesman said, adding that 106 more projects have also been discussed.

Meeting Closes

OW311405 Beijing XINHUA in English 1313 GMT 31 Mar 84

[Text] Guangzhou, 31 March (XINHUA)--More than 130 agreements, contracts and letters of intent were signed during a 7-day investment promotion meeting which closed here today.

"The meeting approved 51 agreements and contracts worth 208 million U.S. dollars, including 157 million U.S. dollars of foreign investment," a meeting spokesman said.

Twenty-eight agreements and contracts on joint ventures and cooperative management projects were concluded, or 55 percent of the total signed at the meeting, he said. They involved 160 million U.S. dollars, including 110 million U.S. dollars of overseas investment, he added.

Eight of these were worth more than 5 million U.S. dollars each. Under a contract signed with the Baoan Tourism Company, a Hong Kong construction and trade firm will invest 50 million U.S. dollars in building a tourist center in Baoan County in Guangdong.

"Many contracts took only 1 or 2 days to conclude," the spokesman said.

Attending the meeting were 413 firms and 43 banks from 19 countries and Hong Kong and Macao.

CSO: 4020/98

FOREIGN TRADE

SHENYANG TO HOLD INTERNATIONAL ECONOMIC COOPERATION MEETING

OW270847 Beijing XINHUA in English 0804 GMT 27 Mar 84

[Text] Beijing, 27 March (XINHUA)--Some 200 projects will be offered for discussion at a meeting on international and economic and technical cooperation to be held in Shenyang in early September, Li Changchun, mayor of the northeast China city, announced here today.

He told a press conference here this morning that Shenyang had decided to expand economic and technical cooperation with foreign countries so as to accelerate technical transformation of existing enterprises in this old heavy industry center.

He said that the city welcomed cooperation with foreign firms in a variety of forms, including joint venture, co-production, processing and assembling, compensation trade, leasing and license trade. They may also run their own factories in Shenyang on a trial basis, he added.

The projects offered for discussion will cover machinery, electronics, building materials, motor vehicles, chemicals, metallurgy and light industry, Li said.

Of the 200 projects, 120 will be offered by Shenyang and the rest by other cities in Liaoning Province.

Shenyang, also the largest economic center in northeast China, has 3,300 enterprises covering a complete range of production. It is also noted for its rich natural resources such as coal and petroleum as well as for its quality machinery.

More cooperation projects will be offered in the light of requirements in the technical innovation drive now going on in the city.

The mayor pledged every convenience to investors and business people from Hong Kong and Macao and foreign countries willing to cooperate.

He said that the city has been authorized to approve cooperation projects under 500,000 U.S. dollars each. In addition, the city will grant all cooperators preferential treatment in taxation and import and export duties in accordance with relevant regulations.

Mayor Li said that last September some 520 business people from 28 countries had attended a similar meeting in the port city of Dalian, during which more than 80 contracts had been concluded.

Between 1978 and 1983 some 100 enterprises in Shenyang carried out 134 cooperation projects with foreign firms, all of which had yielded good results, he said.

The city has also contracted for a number of construction projects in Southeast Asia and the Middle East and sent a large number of technical personnel, experts, workers, doctors and chefs to work abroad.

This two-way cooperation has enhanced economic relations between Shenyang and foreign countries, the mayor said.

CSO: 4020/98

FOREIGN TRADE

SINGAPOREAN ECONOMIC DELEGATION VISITS COUNTRY

Meets Chen Muhua

OW071403 Beijing XINHUA in English 1238 GMT 7 Apr 84

[Text] Beijing, 7 April (XINHUA)--There exist very favorable conditions to develop trade and economic cooperation between China and Singapore, said Chen Muhua, Chinese minister of foreign economic relations and trade, here today.

Chen Muhua, also a state councillor, said this at a meeting this afternoon with a 33-member economic mission from the Singapore Federation of Chambers of Commerce and Industry led by the federation's Chairman Lim Kee Ming.

She said that China is willing to work with Singapore industrial and commercial circles on the basis of equality and mutual benefit. The two countries could supply each other's needs, so as to develop their national economies, she said.

Lim Kee Ming said that the mission members find China practising a policy of opening to the outside world in real earnest. There are possibilities for cooperation between the two sides in many fields, he added.

Wang Yaoting, chairman of the China council for the promotion of international trade, was present at the meeting.

After their arrival in Shenzhen on 20 March, the visitors toured more than 10 cities in China.

Group Leader Interviewed

OW071552 Beijing XINHUA in English 1501 GMT 7 Apr 84

[Text] Beijing, 7 April (XINHUA)--"There are a lot of opportunities for both Singapore and China to expand their economic and trade cooperation," said Lim Kee Ming, head of the visiting 33-member economic mission from the Singapore Federation of Chambers of Commerce and Industry, at an interview with XINHUA here today.

Lim Kee Ming, chairman of the federation, said that their visit to China had been successful. They had found wide fields of cooperation between Singapore and places in China.

Singapore and China were traditional trade partners, he said, but the present trade volume between the two countries was 2.2 billion Singapore dollars, accounting for only 2.3 percent of the total foreign trade of Singapore. So the two countries had much room to increase trade.

Lim Kee Ming said that the purpose of their visit was to get to know about China's policy of opening to other countries, foreign investment in China, and the setting up of special economic zones, as well as to seek more economic cooperation with China.

He Told XINHUA that during the 3-week visit the members of the mission had signed letters of intent and memoranda in the fields of joint-managed supermarkets, building materials, textiles, computer equipment for large and medium sized department stores, fishery, cigarette factories and hotel building.

The Singapore Economic Mission gave a return banquet here this evening.

The mission is leaving for home tomorrow. During their stay in China they have visited more [?than] 11 cities, including Shenzhen, Guangzhou, Xiamen, Fuzhou, Shanghai, Nanjing, Wuxi, Sizhou and Tianjin.

CSO: 4020/98

FOREIGN TRADE

BRIEFS

ZHEJIANG IMPORT, EXPORT PLAN--Hangzhou, 31 March (XINHUA)--Coastal Zhejiang Province has about 80 projects which need imported equipment and technology for discussion [as received] with foreign and Hong Kong and Macao firms in 1984, according to a senior foreign trade official. These projects cover metallurgy, building materials, electronics, machinery, textiles and light industry, said Zhuang Yumin, director of the provincial Department of Foreign Economic Relations and Trade. Investment can take the form of joint ventures, compensation trade, co-production, leasing, loans and cash, the director said. Meanwhile, Zhejiang will strengthen exports by developing traditional [word indistinct] products and through contracting projects and providing labor services abroad. A group of new production bases, factories and workshops specializing in export goods are planned. Until 1976, Zhejiang exported only through Shanghai and other foreign trade ports. Last year, direct exports from the province reached a new high of over 600 million U.S. dollars. Zhejiang has established trade relations with 110 countries and regions. [Text] [OW310810 Beijing XINHUA in English 0751 GMT 31 Mar 84]

CHANGCHUN SALES EXHIBIT IN JAPAN--Changchun, 1 April (XINHUA)--A sales exhibition of goods from Jilin provincial capital Changchun will be held in Japan from 25 May to 6 June. Sendai, a sister city of Changchun, will play host to the exhibition that will display grains, edible oils, food, medicine, native produce and animal by-products, light industrial products, arts and crafts and textiles as well as hardware, minerals and machinery equipment. Most of these products have been sold to more than 60 countries and regions including Japan, Singapore, Malaysia, the Middle East, European and American countries, and Hong Kong and Macao. Changchun has had close contacts with Sendai since 1980. The two cities have exchanged such rare animals as red deer and baboons. A Sendai children chorus will visit Changchun this year. A Chinese delegation will visit Sendai during the sales exhibition. [Text] [OW010822 Beijing XINHUA in English 0746 GMT 1 Apr 84]

TECHNOLOGY, EQUIPMENT IMPORTS--Wuhan, 3 April (XINHUA)--Hubei Province signed 82 contracts involving 48 million U.S. dollars with overseas firms in 1983, according to the provincial Department of Foreign Economic Relations and Trade. The contracts on imports of technology and equipment were concluded with firms from Austria, Belgium, Britain, France, Japan, Italy, the Netherlands, the German Democratic Republic, the Federal Republic of Germany, the United States and Hong Kong, said Zeng Zhaosen, head of the department's foreign capital import

office. "The province announced 115 projects using foreign funds at a meeting on international economic and technical cooperation in April 1983," Zeng said. The 82 contracts signed called for imports of technology and equipment to upgrade light, textile, machine-building, chemical, electronics, food and building material industries. Many of them will go into operation this year, he added. [Text] [OW030751 Beijing XINHUA in English 0730 GMT 3 Apr 84]

NUCLEAR POWER PLANT FUNDS--Beijing, 4 April (XINHUA)--The Bank of China has begun raising funds for a nuclear power station to be built at Daya Bay in Guangdong Province, bank officials said here today. More than 30 overseas banks have expressed interest in the project. The Bank of China will consider the export credits and loans offered by foreign countries and international commercial banks, and will also likely provide direct loans to fund the power station's construction, the officials said. The 1.8-million kilowatt power station will be built by the Guangdong Nuclear Power Investment Company and the Hong Kong Nuclear Power Investment Company. Work on water and electricity supplies and roads and communication facilities is already underway at Daya Bay, east of the Shenzhen Special Economic Zone near Hong Kong. Negotiations on imports of equipment have also begun. [Text] [OW042036 Beijing XINHUA in English 1438 GMT 4 Apr 84]

COOPERATION PACTS SIGNED--Fuzhou, 3 April (XINHUA)--Coastal Fujian Province signed 12 agreements worth more than 350 million U.S. dollars with foreign, overseas Chinese and Hong Kong firms in the first 3 months of this year, doubling the total figure for 1983. Covering 11 joint ventures and a co-production project, the agreements include cooperation in fodder processing, building materials, steel, plastic products, furniture and hotel construction, according to provincial foreign trade officials. A cement plant to be built as a joint venture with a Hong Kong firm calls for an investment of 125 million U.S. dollars, the officials added. Fujian, which has adopted a flexible policy dealing with foreign economic activities, now has more power to examine and approve joint ventures, cooperative operations and compensation trade deals. Larger projects in agriculture, forestry, aquatic products, hydroelectric power and mining can be concluded independently by local governments. [Text] [OW031137 Beijing XINHUA in English 1128 GMT 3 Apr 84]

ELECTRONICS CONTRACT SIGNED--Tokyo, 6 April (KYODO)--Fuji Electric Co., a major electric appliance maker, said Friday the company has signed a contract with China on a broad range of business cooperation on electronic measuring instruments and semiconductors. A spokesman said the contract with Tianjin City won through Koyo Trading Co and Sumitomo Corp calls for Fuji to train Chinese engineers here and have China market Fuji's products in the city initially. Both sides will decide later whether also to assemble them in China with parts supplied by Fuji, the spokesman said. [Text] [OW060357 Tokyo KYODO in English 0310 GMT 6 Apr 84]

SHANXI SIGNS INTERNATIONAL CONTRACTS--Taiyuan, 8 April (XINHUA)--Twelve contracts were signed in the first 5 days at the Shanxi International Cooperation Meeting which opened on 2 April. Participating were 170 representatives from 76 foreign and Hong Kong and Macao firms, who showed keen interest in the 115 projects offered for discussion by Shanxi Province, China's leading coal

producer. A 170,000 U.S. dollar contract for importing silk dyeing and sewing machines was signed between the Changying Knitwear Mill in Taiyan, capital of Shanxi Province, and the Toyo Menka Kaisha Ltd of Japan. A bulb factory in Datong City signed a contract with the Wellman Inc of the United States for importing a 500,000 U.S. dollar neon lamp production line by way of leasing. Other contracts covered equipment and production lines for Shanxi's textile, food and light industries by way of regular transaction, leasing or compensation. Between 1981 and 1983, Shanxi Province imported 215 sets of equipment at a cost of 32.46 million U.S. dollars from the Federal Republic of Germany, Japan, Britain, Italy and Hong Kong. The equipment has been used to update the province's textiles, machine-building, plastic, printing and computer industries. [Text] [OW081123 Beijing XINHUA in English 1036 GMT 8 Apr 84]

GUANGDONG'S FOREIGN INVESTMENT DETAILED--Guangzhou, 25 March (XINHUA)--The first meeting for promoting investment sponsored by Guangdong Province opened at the Foreign Trade Center here this morning. More than 250 people of industrial, business and financial circles from a dozen countries and regions attended the opening ceremony. Guangdong Province Governor Liang Lingguang delivered an opening address. Since Guangdong Province began to implement an open-door policy, the province had signed more than 32,000 economic cooperation contracts of all kinds with 17 countries and regions as of the end of last year. These contracts provide for a total of 4.64 billion in investments by foreign businessmen of which 1.05 billion has already been put into use. The foreign economic cooperation projects cover all sectors of the national economy including energy, communications, postal and telecommunications services, agriculture, industry, science and technology, cultural and educational undertakings, public health, tourism and service trades, and are spread all around the province. [Excerpts] [OW261420 Beijing XINHUA Domestic Service in Chinese 1244 GMT 25 Mar 84]

MODERN EQUIPMENT IMPORTATION--Guangzhou, 29 March (ZHONGGUO XINWEN SHE)--The Guangdong Provincial Government has decided to set aside \$300 million each year for importing modern equipment in the next 3 years so as to expedite the technical transformation of the province's enterprises. This was announced by Vice Governor Kuang Ji at the Provincial Economic Work Conference on 27 March. It was learned that in the course of importing advanced equipment, priority will be given to minicomputers and preferential treatment will be given to the promising enterprises which are equipped with modern technology and can turn out products at low cost and with better economic results. [Text] [HK301511 Beijing ZHONGGUO XINWEN SHE in Chinese 1330 GMT 29 Mar 84]

LABOR AND WAGES

XINJIANG'S WANG ENMAO ATTENDS TRADE UNION SESSION

HK010258 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Nov 83

[Summary] The enlarged second session of the Standing Committee of the Fifth Regional Trade Union Federation concluded today. The session called on workers and staff members of various nationalities in the region to earnestly implement the spirit of the 10th National Trade Union Congress, to unite as one and fight heroically, to bring into full play the role of workers as their own masters, and to make contributions to the building of a high level of socialist material and spiritual civilization.

The session opened on 21 November and lasted 8 days.

Attending the session were members of the Standing Committee of the Fifth Regional Trade Union, responsible comrades of trade unions from all prefectures, autonomous prefectures, and cities, from some counties, regional departments, bureaus and [word indistinct] production and construction corps, and representatives of some advance trade union organizations and outstanding persons engaged in trade union work.

Wang Enmao, Tomur Dawamat, Janabal, and other leading comrades attended today's closing ceremony. Comrade Wang Enmao delivered a speech.

"The session relayed the spirit of the 10th National Trade Union Congress and proposed concrete measures for implementing the spirit of the 10th National Trade Union Congress in connection with the region's reality. The session also exchanged experiences of carrying out trade union work, praised and commended advanced trade union organizations and trade union activists, and arranged trade union work for 1984. The session listened to reports by staff members and workers of some units in the region on their reading and [word indistinct] a decision on mobilizing staff members and workers throughout the region to resist and eliminate spiritual pollution. The session defined the main tasks for trade union organizations at all levels in the region as follows: Guided by the spirit of the 2d Plenary Session of the 12th CPC Central Committee, they must earnestly study, propagate, communicate, and implement the spirit of the enlarged meeting of the Standing Committee of the regional CPC committee and of the 10th National Trade Union Congress; spare no efforts to upgrade the political and scientific

and cultural level of staff members and workers of various nationalities; resolutely eliminate spiritual pollution; safeguard lawful rights of staff members and workers; strengthen the building of trade union organizations; fully arouse the enthusiasm of staff members and workers for socialism; continuously raise economic results of enterprises; change the situation of suffering losses to that of increasing profits; and make positive contributions to building the two civilizations.

The session pointed out: At present, trade union organizations at all levels must mobilize staff members and workers of various nationalities to take an active part in the struggle against spiritual pollution. They must expose and criticize various decadent ideas of the bourgeoisie and other exploiting classes, thoroughly weed out pornographic books, pictures, and tapes, and eliminate various evil [word indistinct]

CSO: 4006/161

TRANSPORTATION

RENMIN RIBAO ON RAILWAY ADMINISTRATION

HK070431 Beijing RENMIN RIBAO in Chinese 3 Dec 83 p 2

[Commentator's article: "There Must Be Iron Discipline in Railway Administration"]

[Text] Recently, a leading comrade of the CPC Central Committee pointed out: In railway administration, there must be iron discipline, and one must be impartial and incorruptible. In other words, it is necessary to work out and carry out strict discipline, and one must not be [word indistinct] on matters of discipline.

Over the past years, the Shijiazhuang Railway Subbureau has achieved good results and established a good work style, and a new situation has emerged in its transportation, production, and railway safety operations. An important reason is that the subbureau has formulated iron discipline, adhered to the principle of exercising strict railway administration, and taken the initiative in implementing strict discipline. Leaders of the subbureau are bold in subjecting staff members and workers to strict discipline, and they have enabled staff members and workers to focus their attention on railway lines. Contrary to this, in some railway bureaus transport efficiency is low, service is bad, and many accidents have occurred. The rough loading, the unloading which occurred in the Shuangchengbao railway station and the theft which took place in the Harbin railway station are examples of being lax in discipline. We can say that whether railway work can be a success is closely related to whether there is iron discipline.

Railway discipline in industrial and communications enterprises is, comparatively speaking, perfect, and almost every unit has strict discipline. The problem now is that some units have not implemented strict discipline and have not formulated iron discipline. This is due to the 10 years of internal disorder as well as to the corrosive influence of unhealthy tendencies in society. But the most fundamental reason is that leaders of the units concerned are lax in discipline, are not willing to take the initiative in implementing and observing discipline, and do not have correct work style. "Straight-faced leaders are, after all, good." "White-faced leaders" are selfish and "red-faced leaders" are soft-hearted. The latter two types of "leaders" cannot formulate or implement iron discipline and are not suited to railway work. However, in our actual life, the latter two types of "leaders" are not often seen. Discipline is a rigid thing. It restricts man's action and stipulates what to do, what not to do, to what extent to do something, the time to do it, the rewards to be issued,

and the punishments to be meted out. Discipline, like a railway line determining the movement of a train, cannot be altered at will. Discipline represents the interests of the majority, and individual freedom must be restricted within the limits of discipline. Some people violate and disrupt discipline. In most cases, this is caused by inappropriately stressing the importance of individual freedom and by reversing the order of discipline and freedom. Therefore, in the course of formulating and implementing discipline, we must strengthen ideological education among the masses and raise their consciousness of observing discipline. By saying that railway administration requires iron discipline, we do not mean that we must negate the importance of ideological education. Contrary to this, we mean that carrying out ideological education is an important method for implementing discipline.

"Iron" is a characteristic of railways. Railways are made of iron, as are trains. Therefore, discipline should also be as rigid as iron. If railway staff members and workers can establish "iron mentality," the people's railway can certainly be run better. As far as the present situation is concerned, it is quite imperative for industrial and communications enterprises, and for railway units in particular, to learn from the Shijiazhuang Railway Subbureau and popularize, with specific purposes in mind, their experience in "exercising strict discipline over railway administration." It is certain that marked results will be achieved.

CSO: 4006/161

TRANSPORTATION

YUNNAN PLANS TO IMPROVE ROAD NETWORK, TRANSPORT

HK310835 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 30 Mar 84

[Text] The Yunnan provincial people's government adopted five measures, including the lowering of road freight charges to strengthen its work related to road transport and thus has laid a foundation for the development of the vast southwest.

Our province does not have many railways or navigable waters and thus mainly relies on roads for transport and communications. Our province has a road network of over 60,000 kilometers, including the roads in rural communes and brigades, but its roads are of low grade and many of the roads link with the network at only one of their two ends. The low grade and poor quality of the roads and the long delivery duration and high costs of road transport hinder the quick development of the province's economy. In order to make road transport system adapt to the quick development of commodity economy at present and, in addition, in order to lay a fine foundation for the development of the vast southwest, the provincial people's government has recently decided to adopt five measures to strengthen the work related to road transport. These measures are:

1. The province decides to lower and reform the method for fixing road freight charges. In addition to lowering road freight charges by 10 percent, on the average, it will fix different price levels for mountainous and plains areas, and for trunk and branch roads, in order to put an end to the malpractice in road transport of scrambling for transport tasks on trunk roads and in plains areas and of avoiding to undertake the tasks on branch roads and in mountainous areas and thus raise integrated social economic results.
2. It decides to extend in a planned manner the roads that have only one of their two ends linked with the road network. It has been decided now to extend seven of these roads, one of which will be extended this year. Thus, by extending these roads, we can reduce the mileage and time in our transport and increase transport efficiency.
3. We should transform step by step the trunk roads linking Kunming and northeastern, southeastern, and western Yunnan so that large vehicles can move on these roads. One of these trunk roads will be transformed this year.

4. It decides to change the vehicle mix in the province's transport industry and substitute large trucks for small ones and diesel trucks for gasoline ones. This year, more than 300 trucks of 30 metric tons carrying capacity will be added to the province's road transport system. There are also plans to purchase 10 trucks of 30 metric tons carrying capacity and use them to carry out trial travel in the province.

5. It decides to vigorously build and improve the roads in its rural areas so as to form a road network that will lead to every niche of the province and thus put an end to inconveniences in the communications in its rural and particularly remote areas.

CSO: 4006/400

TRANSPORTATION

BRIEFS

GANSU RAILROAD CONSTRUCTION--With the approval of the State Planning Commission, the Baoji-Zhongwei railroad line will be built via the Huating mining area in Gansu Province. This railroad will also pass through Pingliang City in Gansu Province and through Guyuan and Tongxin in Ningxia Hui Autonomous Region. This railroad will connect the Gansu-Jiangsu railroad with the Baotou-Lanzhou railroad. The Huating mining area abounds in coal deposits and several billion tons of coal have been discovered. According to the plan, the annual capacity of the mining area will be 11.7 million tons. At present, the mining area has built three pairs of pits with an annual capacity of 300,000 tons. Their designed gross annual capacity will be 900,000 tons of coal. According to the plan, the total length of the Baoji-Zhongwei railroad line will be some 490 kilometers. On the basis of the decision of the State Planning Commission, the first survey and design institute of the Ministry of Railways has begun a report on the feasibility of the scheme and is working out a plan for the design. [Summary] [HK011520 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 29 Nov 83 HK]

JAPANESE-FUNDED RAILROAD ELECTRIFICATION--Zhengzhou, 2 Apr (XINHUA)--The first phase of an electrification project on the Longhai railway, China's east-west trunk railway line, began yesterday. The project covers a 680-kilometer section between Zhengzhou, capital of Henan Province, and Baoji in Shaanxi. It is among the seven major projects to be funded with loans promised by Japanese Prime Minister Yasuhiro Nakasone during his recent visit to China. The first phase construction began on 137 kilometers between Luoyang and Sanmenxia in Henan Province, which is thought to be the weakest link on the line. It will double the section's annual freight transport capacity of the section when completed in 1987. [Text] [OW022000 Beijing XINHUA in English 1213 GMT 2 Apr 84]

CSO: 4020/93

GENERAL

OBJECTIVE BASIS FOR PLANNED SYSTEM RESTRUCTURING

HK270955 Beijing GUANGMING RIBAO in Chinese 11 Mar 84 p 3

[Article by Wei Liquan [7614 4409 5028]: "A Brief Talk on the Objective Basis for Planning System Restructuring"--passages within slantlines published in boldface]

[Text] Our country is one which enforces planned economy on the basis of the socialist system of public ownership. The planning system is the main structure of the whole system of economic management. Doing a good job of restructuring the planning system constitutes the central link in restructuring the economic system. At present, our country is shaping the blueprint for restructuring the planning system. This is an important and creative engineering job in planning and building a socialism with special Chinese characteristics. In the course of its preparation, it is necessary to study and solve many problems. For example, there are problems such as how to choose the principle and target of the restructuring, how to determine the contents and tasks of the restructuring, how to arrange the methods and steps of the restructuring, and so on. And, in the last analysis, the answers to these questions all concern an understanding of the objective basis for the planning system restructuring. Hence, a discussion of the problems in this connection is extremely necessary and carries an important significance.

This being the case, from what angle and how should we acquire an understanding of the objective basis for restructuring the planning system of our country?

/An important logical premise for restructuring the planning system is to make an overall and appropriate evaluation of the existing planning system./

How to evaluate the existing planning system in our country directly determines the direction, scope and degree of the restructuring. In our opinion, in evaluating our country's planning system, as in acquiring an understanding of the historical process of our country's socialist revolution and construction, it is necessary to firmly insist on the viewpoints of historical materialism and dialectic materialism, to treat and study its formation, changes, and functions historically and in an overall manner, and to practically and realistically sum up the experiences and lessons.

Our country's planning system was set up in the initial period of the founding of the PRC. It was in conformity with the development condition of the productive force at that time and facilitated the rapid discovery and balanced development of the national economy. Since then, although in the evolution and development of the national economy, much readjusting and restructuring work had been done on the system, yet, seen as a whole, no great changes were made. The obvious superior point of this system is that the principal activities of the national economy are incorporated into the state's unified planned management, which makes it possible to control and utilize, within the scope of the whole country, the material resources and labor power of society, to make unified planning and arrangement of production and construction and of the people's livelihood, and to rapidly and effectively overcome the various serious difficulties in economic life. Hence, basically speaking, our country's planning system has conformed with the demands of planned economy. However, the problem is that for a prolonged period no corresponding restructuring has been done on it in accordance with the actual conditions of changes in the national economy and the objective demands of economic activities. As a result, following the development whereby social productive force and the socio-economic relations have become more and more complex, many of the serious drawbacks and defects of the planning system have become increasingly obvious. Principally they are: an absence of the logical premise of firmly insisting on taking planned economy as the principal factor and actively utilizing the supplementary role of regulation by market mechanism; an overemphasis on an administrative tactics and mandatory targets and being inept in the use of economic levers; inadequate strictness or laxity in the control of the national economy, failure to control those economic activities which have a bearing on the whole economy, and which should be put under planned control, failure to enliven those rank-and-file economic activities which cannot be kept under planned control and which should be enlivened, and the enterprises lacking the necessary autonomous power in planning, operation, and management; no clear demarcation between the central departments and local authorities in planning, management and authority, division between the departments and localities each of which forms its own system, and breakup of the many internal liaisons in economic activities and also of the unified socialist market; and from top to bottom the lack of a scientific and rigid planning and decisionmaking system, of a responsibility system in planning work and also of a system of penalty and award, resulting in the relatively serious phenomena of duties and power being out of joint, in waste and extravagance, and in mutual distrust and lack of coordination. All this not only weakens the centralized and unified control of the national economy but also keeps in restraint the positivism and initiative of various quarters, depriving the whole economic life of vitality and adversely affecting the full display of the superior character of socialist planned economy. Viewed in this context, it is necessary to carry out a relatively systematic and sizable restructuring of our country's planning system.

In general, our country's existing planning system has attributes which conform with the demands of planned economy but also truly has many serious drawbacks and defects. At present and from now on, its restructuring should aim at consolidating and perfecting its rational portion and overcoming

and removing its various drawbacks and defects. Only in understanding and treating the problem in this manner will it be possible to adequately determine the principle and direction and the extent and degree of the restructuring of the planning system, thereby carrying out a correct restructuring policy and method and achieving the necessary results.

/Scientifically understanding and correctly grasping the special features of the present stage of planned economy in our country is a key problem in planning system restructuring./

In fact, this directly determines the target and content of the restructuring. The present stage of the planned economy in our country is a planned economy which is under the system of public ownership of the means of production as the basis, enforces the co-existence of diversified economic forms, and demands the condition of the development of socialist commodity production and commodity exchange. Concretely speaking, it has the following four principal special features:

1. Socialized production and an economy of the system of ownership by the whole people have already occupied a leading position in the national economy. This is the fundamental basis for our enforcement of planned economy and indicates that our national economy must, and can, achieve a planned development.
2. Generally speaking, the degree of socialized production and the public ownership of the means of production is still relatively low, development of the different localities, departments, trades and economic units is also imbalanced, inside the economy of public ownership a division into two separate forms still exists such as the system of ownership by the whole people and that of collective ownership, and simultaneously and to a definite extent individual economy and certain other economic forms are still in existence. All this determines the concrete scope and form of the enforcement of planned management in the national economy.
3. Irrespective of the production by enterprises under the system of collective ownership or by state-run enterprises and irrespective of the production of the means of production or of the means of consumption, it is, in general commodity production, while the exchange relations between the various economic units and between the enterprises and workers all constitute commodity exchange. An important special feature of the present stage of the planned economy in our country is the extensive existence, and the need for great improvement, of socialist commodity production and commodity exchange. Naturally, because there exist many levels in the system of ownership of the means of production and also because there are differences in the character of independent production and operation as well as material interests of enterprises under different systems of ownership, the commodity and monetary relations that objectively exist also possess different levels and different economic contents. Therefore, in the form and method of enforcement of planned management of the national economy, it is necessary to take into full consideration the need of promoting the development of

production and at the same time it is necessary to pay due attention to the concrete demands of the commodity and currency relations of the different levels and different economic contents.

4. In a unified socialist planned economy, economic activities are in multiforms. The various kinds of economic activities objectively exert a different role on the coordinated development of the national economy and on national affairs and the people's livelihood. Some of them have an important influence on the whole economy while some carry only a partial or local significance, bearing little relationship to the development of the economy as a whole. It is thus necessary and possible to differentiate between the varying conditions and adopt different management forms.

The above-mentioned special features directly determine that the new and rational planning system must possess the following conditions: It must be beneficial to the consolidation and development of the socialist public ownership system under the leadership of state-run economy and also to promoting the development of diversified economic forms and operation methods; in planned management, it must first of all abide by, and use, the special laws of socialist economy such as the basic economic laws of socialism, laws governing planned development and laws governing distribution according to work and, at the same time, it must consciously utilize the law of value and fully display the positive function of the relations between commodity and money; it must be able to enforce an effective planned management of the principal sides of activities in the national economy, of the major problems, or the principal sides of major problems, and also be capable of enabling the lesser sides of economic activities and rank-and-file problems to achieve an activated and diversified development under the guidance of the state plan or the role of regulation by market mechanism. Seen from the basic structure of this type of planning system, its obvious points of superiority and special features consist of: A good manifestation of taking planned economy as the principal factor and regulation by market mechanism as the supplementary factor, truly keeping the big issues under control and enlivening the smaller issues; combination of the state's unified planned leadership with the autonomous power of the production units, endowing enterprises of diversified forms with the necessary autonomous power in planned management and in production and operation, and to the maximum extent arousing the enthusiasm and initiative spirit of the enterprises and workers; and overall manipulation of the diversified regulation tactics on the administrative, economic and legal sides and strengthening of the role of economic regulation measures so as more effectively to determine and realize the targets of the state plan. All these represent the objective demands at the present stage of our country's planned economy and also are the basic principles which restructuring the planning system must observe.

/A big country, a national weak foundation to start with, an enormous population, scarce cultivated land, and a great imbalance in natural conditions and economic development of the localities all constitute the basic national condition and special features of our country and are also the basic starting points for enforcement of planning system restructuring./

The above-mentioned national condition indicates that planned management in our country faces many special contradictions. For example, our country has a vast territory, its various departments and localities differ greatly from each other in various aspects and throughout the length and breadth of the nation there exist several hundred thousand enterprise units of a diversified scale and nature, whereas modernized construction must be carried out under the condition of a unified national plan; our country is poor, but, on the one hand, modernized construction requires a large outlay of capital construction funds and, on the other hand, the people's living needs improvement; development of modernized enterprises employs only a few people whereas in our country an enormous labor force seeks employment, and so on and so forth. This special national condition and the special contradictions it generates objectively determine that our country's planning system must possess the following three special features:

1. Combination of necessary centralization with an adequate amount of decentralization. In this large but impoverished country of ours, only in insisting on a necessary system of planned management and control can we effectively ensure the smooth and thorough implementation of the important policy decisions of the central authorities and maintain the unified character and stability of the economic activities of entire society. Only in this way can we, in a comparatively better way, make overall arrangements for production and construction for the people's livelihood and enable the state to have in its control the necessary financial power and material resources to achieve accomplishments that have a bearing on the whole situation. And only in this way can we systematically and rationally arrange for disposition of the productive force and more speedily improve the state of imbalance in the development of the various localities. At the same time, only in having an adequate degree of decentralization is it possible to fully display the enthusiasm and initiative of the central departments and the localities, suit measures to local conditions and to timing in the development of the economy, and enable the various links of the socialist economy, the various departments and the various localities to universally achieve a prosperous development.

2. Combination of a high degree of planning character with flexibility. Under the conditions of a large-size country, a huge population but a poor foundation to start with, coupled with the need for ensuring the eminently effective development of the modernized enterprises, and also ensuring the meeting of the daily growing needs of the basic livelihood of a population of 1 billion people so that improvement of the people's livelihood can be adequately attended to, it is necessary for the state to enforce a strict planned control of the important economic activities with a bearing on the whole situation. In this context, enforcement of the system of mandatory planning not only is the innate demand of the system of public ownership of the means of production but is also the objective need of our basic national conditions. At the same time, precisely because of the low current level of our productive force, the great disparity between the conditions of the localities, the enormous population and the manifold needs of society, the state plan cannot, and need not, control all economic activities. Only in adopting flexible and diversified forms and methods

is it possible to fully display our country's vast labor-power resources and tap the enormous potentialities of the basic level units, in this way accomplishing a better development of production and satisfaction of the needs of the various aspects of the people's livelihood.

3. Combination of a unified plan with a system of graded control. Our national economy being a unified entity, the state must have a unified plan and treat the country as one chessboard. Only in this way can we ensure the planned and proportionate development of the national economy. However, our territory is enormous. We have many provinces, municipalities, and autonomous regions. A medium-size province of ours is the size of a big country in Europe. Our enterprises are numerous, spreading over an extensive area. The conditions are extremely complex. It is thus impossible for all the economic activities of the country to be subject to the one-level management of the central authorities. The portion that the central authorities can manage or control consists of matters of important aspects, important projects, and important products. As for the rest, what the unified plan can offer to the various departments and localities is only a general outline and framework and many of the concrete economic activities should be left to the relevant departments and localities to arrange and manage, under the guidance of the state's unified policy and plan and in combination with their own actual state of affairs. Only in this way will it be possible to unify what is necessary to centralize with what must be adequately decentralized and effect the combination of planned character with flexibility. Actual practice has also shown that in the past, the enforcement in our country of the principle of unified planning and graded control had played an important role in effectively organizing, managing, and facilitating the development of socialist economy. Naturally, the concrete system and measure to enforce this principle must also be improved. We must earnestly sum up the historical and realistic experiences and lessons, emphasize breaking the state of demarcation existing between the departments and localities and between the urban and rural areas, rationally readjust the scope of the duties and power in planned management on the part of the central departments, provinces, municipalities and autonomous regions, and make a definite clarification of their economic responsibilities so that power and responsibility may be closely bonded together. Simultaneously, we must pay due note to the display of the role of central cities and towns in organizing and managing the economy so as to facilitate the promotion of social division of work, development of commodity production, perfection of the socialist unified market and vigorous improvement of working efficiency and social economic effects.

In short, a correct handling of the relations between centralization and decentralization, between planned character and flexibility, and between the departments and the localities is the objective demand of the basic national condition of our country and is also an important aspect of the formation of a planning system which has special Chinese characteristics.

/A correct and scientific analysis of the state of the national economy and the trend of its development at present, and for a period from now on, provides another important basis for planning system restructuring./

Since the 3d Plenary Session of the 11th CPC Central Committee, the various sectors of our national economy have made a series of great and penetrating historical changes. The vast rural economy embodying over 800 million peasants, thriving and prosperous and full of life as it is, has effected, or is going through the process of, conversion from a natural economy to large-scale commodity production, and from traditional agriculture to modern agriculture. In the cities and towns, as a result of implementing the policy of economic readjustment and carrying out initial restructuring of the economic system, the various industries and trades, including the industrial sector, transportation sector, construction sector and commerce, have all been activated, enjoying a sustained development. In short, be it in the production sector or circulation sector, and be it in construction or in the people's livelihood, a greatly encouraging state of affairs has emerged. This good situation is the result of the initial restructuring of the economic system and also paves the way for making a new demand for further restructuring the economic system. In fact, our each and every restructuring project and each and every restructuring measure taken must conform with, and be beneficial to, development of the situation that has newly risen.

Planning system restructuring must also consider the demand for our country's future economic development. As we look at the situation as a whole, we believe that we must make an earnest study of the following three aspects:

1) Our party's fixed policy for economic development is opening up external relations and enlivening the domestic economy and demands that the whole economic system, including the planning system, be beneficial to the implementation of this policy. 2) Since modernized construction must rely on progress in scientific technology and we are currently facing the challenge of a great scientific and technological revolution in the world, our planning system restructuring must take as its important objective conformity with, and forceful acceleration of, scientific and technological development. 3) The strategic targets for achievement by the end of this century adopted at the 12th CPC National Congress centrally reflect the objective progress of our country's modernized construction and the fundamental interests of the people of the whole nation. Speaking from the standpoint of the role that can be played by the planning system, it may be said to be a tactic for realizing the development target. Therefore, planning system restructuring must obey and serve the realization of the gigantic targets fixed by the party Central Committee. The contents, measures, and steps of the restructuring as well as the establishment of the new planning system must conform with the demands of the strategic policy, strategic focal tasks, and strategic steps taken for realizing the development targets fixed for the end of this century. Naturally, as people of a historical era, on the one hand, we must possess a strategic foresight and make our current restructuring conform with the general direction and general demand of modernized construction and, on the other hand, since

after all we must come under the restriction of historical conditions, what we think of and do are confined only to things that can be foreseen and we can only start from the actual and concrete state of affairs. For example, while simultaneously we perceive a rapid change for the better in our economic situation we must also understand that at the moment our financial and economic condition has not yet basically improved, that national finance is still confronted with many difficulties, that economic relations have not yet been smoothed out, and that there are problems of a certain degree of growth of the accumulation funds and consumption funds. Because of the insufficiency in the financial power and material resources of the state and the industrial structure, product structure, enterprise structure, and distribution structure being in general irrational, objectively speaking the scale and process of the restructuring of the economic planning system will necessarily be restricted and affected. Experiences of many countries have amply shown that an overall and large-scale system restructuring requires that the state must have a definite amount of financial power and material resources for support. Hence, in determining the target, scale, content, measure and steps of planning system restructuring, it is necessary to give due consideration to the financial and economic condition of the state and the capability of its finances and economic strength must not be exceeded.

Summing up the above, the present condition of the current planning system of our country, the special features of our current stage of planned economy and the basic national condition, and the real economic situation and its development trend constitute the principal basis and fundamental starting points for our enforcement of planning system restructuring and also determine the fresh and clear special features of our new planning system. For this reason, we can correctly solve all the important problems concerning restructuring of the planning system through obeying the basic principles of Marxism-Leninism, Mao Zedong Thought, a close combination with our national condition, starting everything from reality, and undertaking earnest and meticulous research work and discussions thereon. Only in this way can we ensure that the planning system restructuring can proceed smoothly in the correct direction and reach the desired objective.

GENERAL

'CORRECT' APPROACH TO BOURGEOIS ECONOMICS DISCUSSED

HK121524 Beijing GUANGMING RIBAO in Chinese 20 Nov 83 p 3

[Article by Huang Fanzhang [7806 5400 4545]: "Take a Correct Approach Toward the Contemporary Bourgeois Economic Theories"]

[Text] When he stressed the necessity of "adhering to the four basic principles" in 1980, Comrade Deng Xiaoping pointed out that in the circumstances whereby we are opening up to the outside world, "we should select in a planned manner to introduce from capitalist countries advanced technology and other things that are beneficial to us. However, we must never learn from or introduce the capitalist system or introduce various kinds of ugly and decadent things." ("Selected Works of Deng Xiaoping," p 154) Those words of Comrade Deng Xiaoping are of extremely great significance in guiding our economic theoretical work.

Since the 3d Plenary Session of the 11th CPC Central Committee, our party has raised to the people throughout our country the magnificent and arduous task of restructuring our economic management system and exploring a new path of socialist construction that is suited to our national conditions in order to speed up the four modernizations. In order to fulfill this task, we economic theoretical workers must, of course, set our footholds first in our own country, proceed from our country's reality, integrate the universal principles of Marxism with the concrete practice of socialist construction in our own country, develop our strong points, and chart a path to forge ahead, which is suited to our national conditions. At the same time, we must conscientiously study foreign economic theory and practice, repudiate what is wrong and harmful, and assimilate anything that is useful for us. In this work, all practices of closing our door to the external world, all blind and anti-foreign practice, and all ideas that regard all things foreign as being superior and things we must copy mechanically are wrong. The most important thing is that we must soberly evaluate and adopt a correct attitude toward foreign economic theory, especially current bourgeois economic theory.

In essence, all contemporary bourgeois economics, including both the micro-economic and macroeconomic, is a vulgar economic theory of the bourgeoisie. Microeconomics studies the question of how an enterprise (or household) uses its limited resources (or income) to achieve the greatest results, while macroeconomics studies the question of how cyclical economic fluctuation and

economic crises can be avoided and also the steady growth of capitalist economy. Though they differ in their fields of study, they all take the contemporary capitalist system as their prerequisite condition, vigorously "expound" and safeguard the capitalist system, and cover up the basic contradiction of capitalism. They all devote themselves to studying the question of how a capitalist "ideal state" is to be attained. For example, in an economics textbook by Samuelson of the United States, he declared at the very beginning that the study of "economics" was aimed only at "answering three major questions"--"what are we to produce, why and for whom do we carry out production?" and he energetically avoided the problem of regular law which governed the occurrence, development, and expiration of the capitalist production forms. In this "system," the contemporary capitalist system has become a system which does not have its own history. It does not have a history of its own production, nor does it have the trend of its inevitable tendency to die out. The reason for this is because in his book, he regarded the capitalist system as a "permanent system," and took it as the starting point and conclusion of the whole theoretical system of his book. Therefore, all the contemporary bourgeois systems of economics, no matter whether it is macroeconomics or microeconomics defends in essence the capitalist system. We must sufficiently estimate and thoroughly criticize the vulgar essence of this system.

We must notice that although the contemporary bourgeois economics as a whole is vulgar, we cannot repudiate something in it which we can utilize and refer to. In order to safeguard the political role and economic interests of the monopoly capital, the bourgeois economists within a certain limit have carried out some comparatively concrete analyses of some economic processes of an individual enterprise and of the whole national economy, particularly of some processes which are related to the social mass production and of the quantitative relationships between technology and economy. These analyses have a certain reference value for us. It is imperative for us to stress that these analyses, methods, and materials which are valuable for our reference are often mingled with some vulgar theories. For example, the method of "marginal analysis" is useful for us in analyzing the interacting relationships between the increment of various economic variables (the increase of products and increase of production cost, etc.); but it mingles, in contemporary bourgeois economics, with the theory of "marginal utility"--a subjective theory value. Another example is that the "elasticity" analysis can be used to study that a certain percentage of changes in the price of a certain commodity will give rise to how big a change in the demand for it. In studying the relations between these two changes to study the relationship between these two changes and to use the ratio between the two changes is to measure the intensity of the corresponding change in demand caused by a change in price. This method of analysis is useful for us to apply in a planned way the regulation of our market mechanism. However, this method of analysis is just a part of vulgar price theory in bourgeois economics, and bourgeois economists use their vulgar theory of prices to replace the theory of value (at present, in the textbooks of Western economics, generally they only talk about "the theory of prices," but not "the theory of value.") It is precisely because of this kind of complicated situation that we are particularly required to make our analysis through criticism, and to separate and to select those we can utilize and refer to from the jumble of waste matters. In addition, in the vulgar

theoretical system of the bourgeoisie, the things which can be utilized and referred to, will often attract people's full attention. As a result, people will neglect or forget the vulgar principles and the whole vulgar system which they belong to. All this has shown how important and urgent it is to adopt a strict scientific attitude toward crying out, with analysis and criticism, a conscientious study on contemporary bourgeois economics. We must guard against the malpractice of letting a trivial view overshadow an important one and cannot forget the vulgar component part of the contemporary bourgeois economics because of some useful thing in it. Similarly, we cannot repudiate all things in them without analysis because they are a vulgar system. There is no need to deny that we must carry out our work under the guidance of Marxist whether in our criticism work or in our analysis or assimilation work. For only the Marxist theory can grant us the ability to make a clear distinction between right and wrong, to distinguish what is true from what is false, and to make a correct utilization and can provide us with a sharp weapon of analysis and criticism.

In his article entitled "Adhering to the Four Basic Principles," Comrade Deng Xiaoping says with sincere words and earnest wishes on the problem that the science in our country lags behind the foreign countries and points out that not only our natural science lags behind the foreign countries, but that we must "also admit our research work on social sciences (judging by the comparable aspects) lags behind the foreign countries." ("Selected Works of Deng Xiaoping," p 167) It is imperative to emphatically point out that "admitting our backwardness" here never means that the Marxist stand, viewpoints, and methods can be weakened. Nor can we hold on this ground that we will mechanically copy and introduce things from foreign countries because of our backwardness. Here, by "admitting our backwardness" we mean: 1) The equipment and means we use to carry out research of our social sciences are comparatively poor. For example, "for many years, there is, even with statistics, a situation which has certainly caused our conscientious research work on social sciences to encounter an extremely great difficulty." ("Selected Works of Deng Xiaoping," p 167) Although the vast numbers of research workers and educational workers of social sciences have done quite a lot of work in many aspects in the course of construction for many years, and although there has been a comparatively great development in our research on social sciences since the 3d Plenary Session of the 11th CPC Central Committee, we cannot help but notice that the guiding role of Marxism has not yet been brought into full play in some fields of our social sciences. In his article, Comrade Deng Xiaoping points out: For many years we neglected the research in political science, the science of law, sociology, and the world's political affairs, and we must hurry to make this up now. We must "make up our missed lesson" in some economic subjects. In order to change this situation, we must continue to develop various sections of Marxist social sciences, expand the Marxist theoretical front, and occupy new fronts. Concerning waging an active theoretical and ideological struggle, carrying out criticism on the bourgeois theory, and eliminating its influence is of course a very important task, but developing and establishing new sections of Marxist social sciences is a task of strategic significance and is also an undertaking of vital and lasting importance.

Of course, we are first required to take the Marxist theory as our guide in action for establishing and developing various sections of Marxist economics and in occupying the fields of various sections of science and to integrate this theory with the sections in order to study new conditions and to probe into and solve new problems. But at the same time, we are also required to study, under the guidance of Marxism, foreign countries with a strict scientific attitude, to criticize their erroneous and reactionary things, and to learn from them whatever we can use and refer to. We must oppose both the malpractice of mechanically copying everything without analysis and the malpractice of mechanically repudiating everything without analysis. As a matter of fact, we must persist in adopting a kind of scientific attitude of analysis and criticism in dealing with the bourgeoisie's economic theory and all non-proletarian ideological systems. This practice has been consistently advocated by teachers of the proletariat. We all know very well the attitude of the teachers of the revolutionary proletariat toward the bourgeoisie's classical economics and sciences. They made a strict distinction between the vulgar bourgeois economics and the classical economics and fundamentally criticize the vulgar bourgeois economics. However, they conscientiously analyze the things which they can utilize and refer to. In his exposition of the question of how we shall deal with the contemporary bourgeois social science, Lenin pointed out: "Open your eyes to see the bourgeois science, pay attention to it, and make use of it, approach it with criticism, and do not abandon our own integral and correct world outlook." ("The Collected Works of Lenin," Vol 3, footnote in page 581)

In his article entitled "Imperialism Is the Highest Stage of Capitalism," Lenin precisely adopted this kind of scientific attitude in dealing with the British vulgar economists (such as Hobson). In fact, the Marxist political economy precisely took shape and developed on the basis of carrying out analysis and criticism of the bourgeois economics and nonproletarian economic theories. The proletarian civilization is precisely like what Lenin said, "The lawful development of all the knowledge that is created by the human race under the oppression of the capitalist, landlord, and bureaucratic societies." ("Selected Works of Lenin," Vol 4, p 348) We must start from this strategic viewpoint and strengthen under the guidance of Marxism-Leninism and Mao Zedong Thought our research work on the economic theory and practice of foreign countries. We must repudiate and criticize various kinds of ugly and decadent things, eliminate their effect and pernicious influence, and assimilate in a selected way what is useful to us and subject it to a revolutionary reform in order to fight for the development of our Marxist economics and sciences and the acceleration of our socialist modernizations.

CSO: 4006/161

GENERAL

GUANGMING RIBAO ON STATE-RUN ENTERPRISES

HK240848 Beijing GUANGMING RIBAO in Chinese 11 Mar 84 p 3

["Economics Trends" column by Dan Qing [0030 7230]: "How To Evaluate the Status, Nature, and Management of State-run Enterprises"]

[Text] The correct understanding of the status and nature of state-run enterprises is not only a key factor to rationally determine the extent of the responsibilities, power, and interests of state-run enterprises, but also an important question of correctly handling the relationship between the state and the enterprises. With regard to the status and role of the socialist state-run enterprises, the understanding of the people is basically identical. The state-run enterprises are the main elements in the socialist economy. Among various kinds of elements of the social economy, the state-run enterprises are playing a backbone role. However, with regard to the nature of the state-run enterprises, such as whether or not the state-run enterprises and the enterprises owned by the whole people fall into the same category, whether the state-run enterprises are also enterprises handling the production and marketing of commodities, and whether the exchange of materials and data between state-run enterprises amounts to the exchange of commodities, and so on, the understanding of the people is not completely identical. In certain respects, their views are even opposite to one another.

One of the views holds that the state-run enterprises are enterprises owned by the whole people, and the interests of the enterprises owned by the whole people represent, in the first place, the interests of the whole people and do not represent the interests of the commodity producers. In managing the state-run enterprises, the state should start from the condition and nature of the ownership by the whole people pertaining to the state-run enterprises and correspondingly adopt management measures which are suited to this nature of ownership.

Some comrades point out that the state-run enterprises and the enterprises owned by the whole people are different concepts. The enterprises owned by the whole people may adopt diverse forms of operation, with some in the form of state-run enterprises and some in the form of enterprises owned by the state but operated by the collective. What forms of operation that are adopted by the enterprises owned by the whole people should depend

primarily on the status and scale of a specific enterprise in the national economy and, at the same time, on the characteristics of a particular trade. Here is involved an important theoretical question, namely, for the enterprises owned by the whole people, whether or not the power of possessing the means of production can be relatively separated from the power of utilization and operation.

Some comrades maintain that under the socialist conditions, for the enterprises owned by the whole people, the power of possessing the means of production can be relatively separated from the power of utilization and operation. Even if other forms of operation are adopted, the nature of ownership by the whole people will not be altered. It is just like the economic reform taking place in the countryside. Diversified forms of the responsibility system in relation to production and operation are adopted in agriculture, yet the nature of ownership by the collective in terms of the means of production has not been changed. This is because the change of the modes of operation and the methods of management alone does not and will not change the nature of the collective ownership. As for the comrades holding variant views, they assert that if the enterprises owned by the whole people do not adopt the form of operation by the state, the enterprises will not act in accordance with the unified plan of the state and will tend to seek their own partial interests. In this way, the nature of the enterprises owned by the whole people will change into that of ownership by the collective or other forms of ownership.

Because enterprises are the most basic units engaged in production and operation, it is important that they should have motivation and vitality internally, and should sustain pressure externally. Some comrades hold that in order to achieve this objective, three questions should be made clear: The first is what economic forms and modes of operation should be adopted by the enterprises; the second is that the state-run enterprises should also be relatively independent entities producing and marketing commodities, and they should be endowed with the status of legal persons; and the third is that the economic connection between state-run enterprises should adopt the form of exchange of commodities and should not employ the old method of distribution of products to deal with the economic relations between the state and the enterprises and between the enterprises themselves. People also hold different views regarding such questions as whether the exchange of materials and data between state-run enterprises amounts to exchange of commodities, and whether the economic relationship between state-run enterprises amounts to the relationship of exchange of commodities. Some people hold that under the socialist conditions, the economic relationship between state-run enterprises is a new-type socialist relationship of exchange of commodities. Of course, the socialist relationship of exchange of commodities is essentially different from the capitalist relationship of exchange of commodities in terms of social relationship and the relationship of interests. The comrades holding this view also maintain that in order to make clear whether the economic connection between state-run enterprises should adopt the form of commodity exchanges and whether this is the relationship of commodity exchanges, the key factor is to ascertain whether the partial labor of the state-run

enterprises is a direct form of social labor. If the partial labor of the state-run enterprises is direct social labor, as has been long regarded as such by the traditional concept, then the exchange of materials and data between state-run enterprises will not necessarily adopt the form of commodity exchanges. Now, since we acknowledge that the means of production are commodities, if we do not acknowledge that the exchange of materials and data between state-run enterprises is the exchange of commodities, and do not acknowledge that the economic relationship between state-run enterprises is a new-type socialist relationship of commodity exchange, the thesis will be inconsistent and will not hold water, nor will it conform to the realistic requirements of our economic life. Still some other comrades hold that the economic relationship between state-run enterprises is not a relationship of commodity exchanges, but a relationship of mutual assistance and cooperation under the guidance of the unified state plan.

What extent of decisionmaking power should be accorded to the state-run enterprises regarding production and marketing? Some hold that the state-run enterprises should possess the decisionmaking power regarding production and marketing, but this power is limited to a certain extent. The state-run enterprise is not an independent economic entity, nor is it a relatively independent commodity producer, and thus the state-run enterprise should not practice the system of responsibility for its own profits or losses. Some maintain that because the partial labor of the state-run enterprises is not direct social labor, they are also relatively independent commodity producers and marketing managers. Therefore, it is necessary that they should possess decisionmaking power regarding production and marketing, and they themselves should possess relatively independent economic interests. According to the concrete economic forms and modes of operation, the system of responsibility for one's profits or losses and the system of assuming sole responsibility for one's profits or losses should be implemented in these enterprises.

After the state-run enterprises have decisionmaking power regarding production and marketing and practice the system of responsibility for one's profits or losses or the system of assuming sole responsibility for one's profits or losses, the state should effect corresponding changes and reform regarding the planned management, financial management, material management, and labor and wages management of these state-run enterprises so as to change the past phenomenon of unified revenue and expenditure in financial matters, the distribution of materials through various levels, and "eating rice out of the same big pot" within enterprises. On this, the understanding of the comrades is basically identical. Furthermore, some comrades point out that if the relationship between the state and the enterprises is to be solved well, it is not enough to depend only on reforming the taxation system. At present, an urgent task is to reform the system of production, supply, and marketing of the enterprises, because the production and marketing activities of enterprises are primarily the activities related to production, supply, and sales. The purchasing and selling of products and raw materials and the arrangements of the production plans are the core of the plans of the enterprises. At present, the plan of production, supply, and sales of an enterprise is assigned by

the relevant authorities in accordance with the relationship of administrative jurisdiction in association with different departments and districts. The departments set forth the production plan, the plan for material supply is made according to specific districts, and the financial plan and the plan for the output value are made with reference to specific districts. In this way, various kinds of plans and targets are not closely related to each other, with the result that the planning departments find it difficult to carry out coordination and balance. Also, the enterprises are often at a loss how to do the work well. Therefore, it is necessary to further expand the decisionmaking power of the enterprises regarding their production and marketing. The number of the administrative organs at various levels supervising the enterprises should be gradually reduced and integrated, and they should be gradually replaced by corporations with the nature of enterprises which are formed through the integration of enterprises of various types and natures. With regard to the sets of equipment and other products required by key projects, as well as tasks of transfer and unified purchase with a directive nature [which may] be fulfilled, the state planning departments can issue directive plans directly to the corporations (or enterprises). With regard to the conditions needed to fulfill the tasks of coordination and cooperation in fulfilling the plans, apart from the important materials which are to be allocated by the state, generally speaking, it is for the corporations (or enterprises) to establish links and make selections through their own efforts. If the enterprises are to be managed in accordance with the relationship of administrative jurisdiction, the development of commodity production and commodity exchange will be affected. It is important for the state to act according to the targets set out in the medium- and long-term plans, get a good understanding of what should be encouraged and what should be restrained, and use the economic lever to facilitate the realization of the targets of the plans.

CSO: 4006/400

BRIEFS

UNDERSEA CABLE AGREEMENT SIGNED--Taipei, 30 Mar (CNA)--The Republic of China became one of the countries investing in the building of an undersea cable system connecting Taiwan, Hong Kong and Singapore, when Chen Yu-kai, acting director general of the Directorate General of Telecommunications (DGT), signed an agreement on the construction and maintenance of the system in Taipei Wednesday. The undersea cable system, approximately 2,300 nautical miles in length, is scheduled to be complete before the end of 1985. The required capital, estimated at U.S.\$153 million, will be contributed by the seven investing countries or districts, including the ROC, Hong Kong, Singapore, Japan, Australia, Indonesia, and the Philippines. According to a DGT official, when the system is completed, Taiwan will not only be able to improve the quality of telecommunications with Hong Kong but can be hooked up to other cable systems via Singapore, including the France, Singapore, Indonesia, and the Southeast Asia networks. [Text] [OW300425 Taipei CNA in English 0404 GMT 30 Mar 84]

CSO: 4020/95

HONG KONG ECONOMIC TRENDS

BRIEFS

NUCLEAR PROJECT JOINT VENTURE--The Hong Kong Investment Company, China's joint-venture partner for the Daya Bay Nuclear Power Plant project, was officially incorporated on Monday. This was announced yesterday by China Light & Power Company, one of the subscribers to Hknic [Hong Kong Nuclear Investment Company] which has an authorised capital of \$400 million. Lord Kadoorie signed on behalf of China Light, while the other subscribers were Sir Sidney Gordon and Mr. W. F. Stones. Hknic is the corporate vehicle for Hong Kong's participation in the proposed joint venture company which will build and operate the nuclear station at Daya Bay. Its Chinese partner is the Guangdong nuclear power investment incorporated Hknic will hold a 25 per cent interest in the company while the Guangdong investment firm will hold the remaining 75 per cent. The \$36-billion nuclear plant is expected to start operation in 1991 while about 70 per cent of its total power output will be supplied to Hong Kong. [Excerpt] [HK070149 Hong Kong HONG KONG STANDARD in English 7 Dec 83 p 1]

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